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Manheim, GE merge to form auto auction colossus

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

In a move that could have far-reaching effects on the marketing of used cars, Manheim Auctions has merged with General Electric Capital Auto Resale Services Inc. in a melding of assets estimated at $1.2 billion.

The merger, which also includes Ford Motor Credit Co. as a partner, gives the newly formed company, Manheim Auctions, 46 locations in the United States and Canada, nearly twice as many as its nearest rival Anglo American Auto Auctions. Anglo American, based in Nashville, has 25 auctions.

Though GE and Manheim officials play down the importance of the merger, the sheer number of auctions operated by the new company gives it tremendous marketing clout, particularly for institutional vehicles sold by auto manufacturers, fleet and lease companies and banks through auto auctions.

"It's a win-win for our customers and the industry," said Stephen McNeely, president of GECARS. "The new organization will enhance our abilities to meet the needs of the marketplace and provide an unparalleled vehicle remarketing service for our customers."

Warren Young, president and chief executive officer of Manheim Auctions, will continue in that capacity in the new organization.

"Both companies are compatible, representing geographic locations with few overlaps," said Young. "GE handles more institutional vehicles, and we handle more dealer cars, so we are getting the best of both worlds."

Negotiations between the two companies have been under way for months, prompting industry-wide rumors of a merger.

Manheim Auctions, based in Atlanta, is a division of privately held Cox Enterprises. Manheim will retain its name, hold a controlling interest in the new company and appoint the majority of its six-member board of directors. Officials declined comment on the makeup of the board or shares held by the companies involved.

GECARS is based in Barrington, Ill., and is a subsidiary of GE Capital Corp. It has 20 auction locations with estimated revenues of $225 million in 1990. Manheim operates 26 auctions with 1990 revenues easily matching those of GE's

see AUCTION, page 42

SERGIO DORANTES

Mexico's vehicle sales have been leaping by an average of 30 percent a year since 1988. Among the busy plants is Ford's car and truck facility in Cuautitlan, where a worker, installs an instrument panel.

SOUTH OF THE BORDER

Is Mexico the Big 3's pinata, filled with potential sales of 4.5 million? Proposed trade pact adds to promise

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

Ask Detroit's carmakers and suppliers what's left to feel good about these days and you might get a one-word answer: "Mexico." While the U.S. auto industry languishes in the worst market downturn in a decade, hundreds of North American automotive firms are looking for opportunities in the booming Mexican market.

Mexico is awakening from nearly a decade of economic depression to become a potential powerhouse of auto sales, auto production and auto exports. And if a proposed free-trade treaty materializes during the next year among Mexico, the United States and Canada, building factories and moving cars and parts across the Rio Grande will be scarcely different from doing business in Texas.

"There is an enormous growth potential here," confirms Nicholas Scheele, president of Ford Motor Co. de Mexico S.A. "It's a market of 88 million consumers who have been economically depressed for years as a result of the 1980s oil bust. And now it's opening up."

There are some potential snags. Mexico has a history of disappointing its automaking neighbors. Car sales blossomed once before in the late 1970s, only to dwindle during the 1980s. The Mexican economy generated excitement once before, only to collapse with the price of crude oil.

Mexican investment has looked alluring before, as far back as the 1930s, only to fall prey to political turmoil and protectionist governments that nationalized U.S. ventures.

There also are painful social issues to address. Poverty is still rampant in the country, despite the new economic boom, and labor conflict common. At Ford's Cuautitlan assembly plant near Mexico City last year, labor grievances interrupted production for months after a worker was murdered in an internal union dispute.

Labor groups in the United States and Canada sternly warn that improved social conditions and higher wages will be necessary before they will poli-

see MEXICO, page 20

Mitsubishi: Weight, not size, is mpg ticket

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — The tough strictures of the Bryan fuel-economy bill — termed "impossible" to meet by more than one U.S. auto industry executive — can be met quite nicely without returning to stripped-down econoboxes, according to Mitsubishi Motors Corp.'s head of engineering and new-car development.

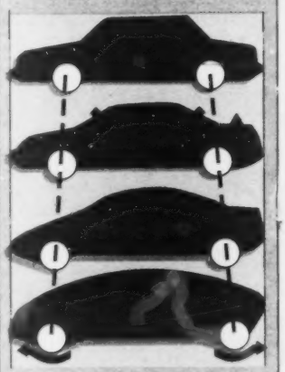
Keiichi Kisuna, a Mitsubishi managing director, says weight reduction is the obvious answer to meeting the requirements of a bill by Sen. Richard H. Bryan, a Nevada Democrat, requiring automakers to increase corporate average fuel economy scores 40 percent by 2001. But smaller size does not have to mean less space or reduced performance, Kisuna insists.

According to the 62-year-old Kisuna, Mitsubishi has begun design work on a four-meter-long (13.2 feet) car designed around the interior space of a 4.7-meter-long (15.5 feet) car, using space "like a heli-

see CAFE, page 42

Mitsubishi view of new car evolution

Without changing overall length, wheelbases and interior space have grown and shapes have become sleeker.



Source: Mitsubishi Motors Corp.

AUTOMOTIVE NEWS / MARTHA GRATTAN

Toyota puts hold on truck sought by U.S. sales arm

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Toyota Motor Corp. last week confirmed that the company has considered a proposal to build a mid-sized pickup truck for the U.S. market, but said all deliberations on the project had been shelved indefinitely and that a prototype vehicle did not exist.

The decision to move the project to the back burner appears to repudiate the efforts of Toyota Motor Sales U.S.A. to win a quick decision from Japan to proceed with the new pickup.

Senior Toyota U.S. officials, including executive vice president Robert McCurry and senior vice president Al Wagner, have actively fostered the impression in recent months that a go-ahead decision on the vehicle was imminent.

In January, McCurry said a decision on the project was expected in "60 days," although the U.S. sales arm later said the project had been "delayed."

In a statement issued in Tokyo Friday in response to a query, a Toyota spokesman told *Automotive News* that the automaker had indefinitely delayed a decision on introducing a "new-size" pickup in the United States "due to considerations of the condition of the American market and uncertain

see PICKUP, page 47

Monaco mania hits New York:
A New York Dodge dealer uses almost $4,500 in incentives to cut the price of Dodge Monacos to $8,995 and sells 152 of them in six days. See story on Page 2.

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Bargain-priced Monacos selling like hotcakes

Calls flood New York dealer; finding enough cars is tough

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Jim Goldfein has a message for the U.S. automotive market: Offer consumers value and watch sales ignite.

Goldfein says he is proving that maxim with the Dodge Monaco, a sales dud turned star performer in a Manhattan Dodge showroom. But Goldfein is not creating a show-stopper singlehandedly. Chrysler Corp. is underwriting Goldfein's sales success with the Monaco by paying out more than $4,500 per unit in dealer and customer incentives.

Goldfein, whose dealership sold only 10 Monacos in all of 1990, sold 152 of the sedans between March 22 and March 28. He is receiving almost 100 calls daily from customers wanting to know more about the Monaco. On March 22, 157 callers seeking information about the car clogged the phone lines at Potamkin Chrysler-Plymouth-Dodge-Mitsubishi-Sterling in Manhattan.

Goldfein, who is vice president of the dealership, says the reason is simple. On March 22, the dealership began advertising an $8,995 1991 Dodge Monaco, a price described in the ad as 41 percent below the $15,124 manufacturer's suggested retail price.

Now Goldfein is trying to convince incredulous Chrysler Corp. officials he wasn't kidding when he ordered 460 Monaco units.

Chrysler has good reason to do a double take when eyeing Goldfein's order. The company built only 329 Monacos for the North American market from Jan. 1 to March 23. Only 423 Monacos were sold in the United States in all of January and February.

But Goldfein says he has already sold 152 of the 460 units ordered and anticipates no difficulty retailing the remainder.

"It's a feeding frenzy like the old days," Goldfein said. "If the manufacturers would only get the message, and the message is if you get a low enough price people will buy them even in the worst of times.

"But you have to offer value. Price is not the key," he said.

Goldfein is being helped in a big way by Chrysler in his sticker slashing.

Chrysler inherited the Eagle Premier and the companion Dodge Monaco when the company acquired American Motors in 1987.

When Chrysler bought Renault's stake in AMC, it agreed to sell at least 300,000 Renault Premier sedans between 1988 and 1992 or pay a penalty of up to $350 million. The Premier, sold under the Eagle brand, and its Dodge companion introduced in the 1990 model year have been all but stillborn in the market.

In March Chrysler apparently decided to pump money into dealer pockets rather than ship it overseas to Renault.

The company will not confirm dealer incentives. But Dodge dealers say the company is paying to dealers at delivery $1,000 for the first Monaco/Premier received, $1,500 per unit for the next two units and $2,000 per unit for any additional units delivered. In addition, dealers receive another $1,000 per unit at the time the cars are ordered.

Also, spiffs for salespersons range from $50 to $1,000 per unit

see MONACO, page 46

With up to $4,500 in dealer and customer incentives, Potamkin Dodge is selling Monacos for $8,995.

Bricklin returns, peddling used cars

By Edward Lapham
MANAGING EDITOR

Malcolm Bricklin is back. This time as a used-car salesman.

Bricklin, who gave America the Subaru, the Yugo and the Bricklin gullwing sports car, has a new plan to refurbish and sell used cars on a 50-acre site in Phoenix, known as the Auto Ranch. After a two-year hiatus from the limelight, Bricklin has developed a remanufacturing and marketing concept called New Experienced Cars.

Bricklin said the remanufacturing part of the plan will include an assembly line-like operation at the Auto Ranch handling a minimum of 100 used cars and trucks per day. All cars will get new tires, battery, belts, hoses and shock absorbers.

The marketing part of the concept includes a computerized showroom complete with the 3-D, holographic Magic Theater that Bricklin had planned to make a centerpiece of his abortive plan to acquire 1,000 dealerships.

The entrepreneur said the current venture is a natural outgrowth from that last planned enterprise.

"There are two reasons that it didn't happen," Bricklin said. "The manufacturers didn't want the franchises clustered, and car dealers wanted to be paid for yesterday's profits, not today's profits."

Bricklin said he has completed a private placement offering that raised $60 million to fund the Phoenix Auto Ranch, although he refused to disclose the identity of the investors. He said if the Phoenix operation is a success he could develop as many as 50 in the United States — by himself (with his current investors), in joint ventures or with franchisees.

Bricklin said the New Experienced Cars sold at his Auto Ranch will carry a two-year warranty that coincides with a two-year guaranteed buyback program to keep his customers coming back.

He said warranty work can be performed at any of the 5,200 Goodyear Tire & Rubber Co. retail service outlets in the United States.

His plan also calls for Phoenix banks to provide retail financing through the Auto Ranch. Bricklin said his $60 million capitalization includes allowances for $10 million in working capital, about $8 million of which will be needed to floorplan his inventory.

Bob Pratt, Goodyear's consumer products region manager, said he has been talking to Bricklin about this project for a year. "It's one helluva concept," Pratt said.

Pratt said Goodyear will be involved only as a supplier. The company will supply the tires, belts, hoses and shock absorbers that will be fitted to the cars at the Auto Ranch. Goodyear will establish a no-cash repair account so Bricklin's customers can have warranty work performed at any Goodyear service outlet, Pratt said.

Bricklin said he is about 14 months away from the grand opening of the Phoenix Auto Ranch.

Bricklin said he has paid off an IRS lien on his Meeker, Colo., ranch and is resolving other litigation, some of which was filed against Bricklin by denizens of Meeker.

Bricklin caused a stir in 1988 when he sold his share of Global Motors and announced he would develop a youth camp on the ranch near Meeker. Like the failed plan to build Global Motors into a powerhouse importer of makes from several countries, and the abortive scheme to acquire 1,000 dealerships, the camp never happened.

"I'm selling the ranch," Bricklin said when asked about the youth camp last week. "As it turns out this was the perfect place to develop the Auto Ranch idea," he said. "But it's time to get back to civilization so I'm moving to Phoenix to get the Auto Ranch going."

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Correction

A late news item by The Associated Press in the March 25 issue said Ford Motor Co. would not offer its 1992 Crown Victoria and Mercury Grand Marquis models for fleet sales.

Ford spokesman Larry Weis said those models will be available to fleets.

FLEX TIME

Traffic, labor problems may prompt changes in Japan's just-in-time ways

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — In another indication of the toll of traffic congestion and labor shortages on Japan's just-in-time delivery system, Nissan Motor Co. said last week that it is considering doubling its lead time on parts orders from suppliers.

Nissan, Japan's second-biggest producer behind Toyota Motor Corp., said the increase, to 96 hours from 48 now, would allow suppliers to stockpile less inventory to meet Nissan's demand for parts. The action, if taken, would be the most explicit statement yet by a Japanese carmaker that just-in-time may be evolving into a "just a little later" system under the pressure of crowded roads and social change in Japan.

Just-in-time delivery, a cornerstone of Japan's cost-efficient approach to automaking, allows producers and suppliers to maintain output without stockpiling expensive inventory.

But the system, which requires precisely timed, round-the-clock deliveries to factories, has been under attack in Japan recently because of the pollution and traffic congestion it adds to the country's already choked streets and highway systems.

In addition, suppliers and producers alike have found it increasingly difficult to find truck drivers amid Japan's mounting labor shortage.

Toyota, which has normally dealt with suppliers concentrated in the Toyota City area, says it also will have to stretch deliveries when it opens up new plants in northern and southern Japan in the next two years.

"That may require more inventory in the system" and, perhaps, a new transshipment facility between Toyota City and the new plants, said Mikiya Soyama, deputy general manager of the carmaker's Industrial Affairs Division.

"But that does not mean any change in the just-in-time philosophy," he said. "It is still a matter of keeping inventory at a minimum."

Since the system was originally developed at Toyota by Taiichi Ohno and Kiichiro Toyoda, Toyota particularly is concerned about defending the process.

"Even Ohno foresaw these problems," such as traffic jams and a labor shortage, when he first established the system, said Atsushi Noda, assistant manager in the Business Environment Research Department.

According to Noda, Ohno foresaw that these problems would develop when people only carry out the system "half way."

"What you are seeing is people who have only taken the top of the idea and have not followed through," he said.

Soyama stresses that just-in-time is "a philosophy," not a rigid system.

"It is not written in concrete; it is flexible," he says. The purpose, he said, is "to maintain high quality, at low cost, with the shortest lead time." When problems arise, companies can adjust the small lot production, the minimum inventory, or the timing of the *kanban* ordering system, he said.

The goal is to reduce waste in every aspect of production.

Both Nissan and Toyota say they adjust the delivery process constantly, and both have made attempts to make sure delivery trucks are filled to capacity.

Cartoonist roasts Iacocca for switch on air bags

Minivan owner Trudeau questions new attitude

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Lee Iacocca's visit to the White House raised eyebrows and infuriated some.

Not Iacocca's visit to George Bush's White House in March 1991. But a visit to Richard Nixon's White House in April 1971.

Iacocca, who gained national press attention last week for seeking protection from Japanese imports from the Bush administration, made a visit to the Oval Office 20 years ago that also placed him at the heart of an industry controversy. Echoes of that historic meeting with Nixon are reverberating today.

Chrysler shops parts of Acustar, Page 41

In 1971, Iacocca, then president of Ford Motor Co., and Henry Ford II had a 37-minute meeting with President Nixon. Consumer advocates claim that meeting, which remained a secret until 1982, altered the course of vehicle safety developments in the United States.

Safety advocates claim that Iacocca did most of the talking at the meeting. And when he was finished, he had persuaded Nixon to quash pending federal regulations mandating air-bag installation in U.S. passenger cars. With the government decree lifted, the industry turned its back on air bags and embraced other forms of passive restraints.

Two decades later, Iacocca has become the industry's standard bearer for air-bag safety. Chrysler Corp. has poured millions of dollars into advertising the safety advantages of the inflatable restraint, and Iacocca himself has conveyed the message on the airwaves and in newspaper pages.

Chrysler in 1988 became the industry's air-bag leader when it announced plans to begin installing driver-side air bags as standard equipment on several passenger-car lines. By the 1990 model year, all Chrysler-engineered cars built in the United States had driver-side bags as standard equipment.

And today, Iacocca talks of reading the letters of heartfelt thanks received from drivers who claim "a Chrysler air bag saved my life."

What's going on here?

That apparently is the question that occurred to political cartoonist and satirist Garry Trudeau. Minivan owner Trudeau lampooned Iacocca and his air bag turnabout in a national cartoon strip scheduled to run March 31.

Iacocca's own words on air bags are plentiful, colorful and great fodder for satirists.

Doonesbury
BY
G. B. TRUDEAU
MAYBE I SHOULD OFFER A COMMENT HERE...
WHAT, AM I NUTS?
A LOT OF PEOPLE SAID IT COULDN'T BE DONE!
THEY SAID NOBODY PUTS AIR BAGS IN MINIVANS! IT'S TOO TOUGH TO ENGINEER!
CHRYSLER SAYS, SO WHAT IF EVERYBODY ELSE WANTS TO WAIT!
SOME THINGS YA WAIT FOR! PASSENGER-SIDE AIR BAGS IN MINIVANS? OKAY, YA WAIT FOR THOSE. DRIVER-SIDE AIR BAGS? YA DON'T WAIT!
BUT, CHAIRMAN IACOCCA — YOU WAITED FOR 18 YEARS! NOBODY IN THE INDUSTRY FOUGHT AIR BAGS HARDER! AND YOU LED THE CHARGE AGAINST STRUCTURAL SAFETY STANDARDS FOR MINIVANS! WHAT GIVES HERE?
CUT!
WHAT? WHAT? WOULDN'T A BOARD MEMBER TAKE HIM ON?
ACTORS!

Recent Chrysler television commercials set in the company's boardroom were parodied in cartoon strip published last weekend.

> Everybody changes their mind about certain things over time. That's not a crime. It's a sign of an intelligent person. Mr. Iacocca is as big a believer in air bags as there is today.
>
> Chrysler spokesman

There is Iacocca circa 1984 in his best-selling autobiography: "There are those who believe that air bags are the answer. I disagree. I've been speaking out against them since they were first developed almost 20 years ago. I sometimes have the feeling that when I die — and assuming that I go to heaven — St. Peter is going to meet me at the gate to talk to me about air bags."

At that time a proponent of mandating seat-belt use, Iacocca then recites a litany of air bag woes: "Air bags can be dangerous. There's always the possibility that the air bag will not inflate when it should, or that it will inflate when it shouldn't . . . The whole business is a paradise for product liability lawyers . . . Sodium azide isn't the kind of chemical I want to be riding around with . . . Air bags are one of those areas where the solution may actually be worse than the problem."

Then there is Iacocca circa 1991: "Some things you wait for. Some things you don't. Minivans with air bags? You don't wait."

Or Iacocca circa 1988: "I had my doubts about air bags, but today's new technology made me a believer. You won't hear any more beefs about air bags from me."

States a Chrysler spokesman: "Everybody changes their mind about certain things over time. That's not a crime. It's a sign of an intelligent person. Mr. Iacocca is as big a believer in air bags as there is today. He considers himself a zealot when it comes to air bags."

In fact, while Iacocca may have gotten religion on air bags, history notes that the conversion began because of the federal government.

In 1984, former Secretary of Transportation Elizabeth Dole ordered U.S. vehicle manufacturers to phase in passive restraints in passenger cars by September 1989. The restraints could be either air bags or automatic seat belts.

The Transportation Department later extended the passive-restraint deadline if makers stepped up efforts to install driver-side air bags.

Chrysler officials in the past have indicated the federal regulations were initially the driving force behind the company's accelerated air-bag installation. The company's market research indicated consumers preferred air bags to motorized belts.

So Chrysler invested an estimated $200 million in its air-bag program to make the system standard on its passenger cars and in the process created a safety marketing advantage the company continues to mine.

Mid-March sales fall 15.4 percent

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

Car and truck sales remained slow in mid-March, despite an apparent rebound in consumer confidence following the Persian Gulf war. To summarize the view of some analysts, the consumer's state of mind might best be described as, "I feel better now that the war is over, but I still don't have any money."

Honda Accord sells again, Page 42

On a daily-selling-rate basis, combined sales of cars and trucks declined 15.4 percent in the March 11-20 period. The figure is based on actual totals from some companies and *Automotive News* estimates of others. There were nine selling days in the period this year vs. eight in 1990.

Total sales in mid-March were 350,357 cars and trucks, down 4.8 percent from last year.

In the 10-day period, 179,953 North American-built cars were sold, a 1.7 percent gain over the shorter 1990 span. Domestic truck sales fell 2.9 percent to 103,613, despite this year's extra selling day.

Domestic car and truck sales combined were virtually even with last year, at 283,566.

Sales of imported cars and trucks, including estimates, fell 20.8 percent, at 66,791. Cars

see SALES, page 41

Ford considers merging powertrain units

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. is studying a plan to consolidate its three powertrain divisions as part of the company's $1.5 billion cost-cutting program.

The proposed plan calls for the merger of the Transmission and Chassis, Engine and Casting divisions, sources in each of the divisions confirmed.

The sources say a study is under way to determine how much money can be saved and how the consolidation can best be implemented. Results of the study are due the first week of June.

"This is a major reorganization," said a source in the Transmission and Chassis Division. "Some positions will be combined and some will be eliminated."

Sources say they believe the company wants to combine the three divisions into a single unit.

"The company is looking for cost improvements and more efficiency," said an employee in the Casting Division. "This is a major move, and on the basis of (poor) car sales, they want to do it as soon as possible."

The Casting and Engine divisions have been consolidated twice before, according to the Casting Division employee.

The Transmission and Chassis Division, largest of the three, is headquartered in Livonia, Mich., and operates seven plants, said Ford spokesman Jay Meisenhelder. He said 15,630 employees work at the plants and 1,200 at the general office.

The Engine Division employs 11,800 at eight plants and 1,200 at its headquarters in Dearborn, Mich., Meisenhelder said.

Casting has 5,200 employees at four plants and 200 at its Dearborn offices.

Each has a general manager.

Engine is headed by Robert Transou, who assumed his new position April 1. Robert Adams leads Transmission and Chassis, and George Booth is general manager of the Casting Division.

The internal Ford sources say they don't know yet how the reorganization will fall into place but believe most of the cuts will come at the expense of the salaried employees within each division.

Ford Chairman Harold Poling has said the company needs to trim salaried costs 10 percent by the end of the year.

Meisenhelder says a reorganization of the three divisions "at this time is nothing more than a possibility."

"We're looking at organizational efficiencies all of the time," he said.

Ford started taking steps to integrate the three divisions last September. That's when Max Jurosek took over the newly created position of vice president and general manager of Powertrain Operations.

All three divisional general managers report to Jurosek under the new structure, which is designed to improve the relationship of the powertrain to the total vehicle.

Recession bites into the Big Apple; few show debuts

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — The recession hung like a black cloud over the 1991 New York International Automobile Show.

With only two U.S. debuts — the Acura Vigor and Mazda MX-3 — the show was short on product introductions. And while the economy and industry sales slump clearly was on the minds of auto executives, several speakers said things could be turning around.

General Motors President Lloyd E. Reuss, noting a rebound in consumer confidence, said GM sales will might end up dropping "only 5 to 10 percent" compared to last year. Through February, GM sales had fallen 21.9 percent.

SPOTLIGHT ON AUTO SHOWS
Birmingham
Paris
Los Angeles
Detroit
Chicago
Geneva
New York

William Bruce, vice president and general manager of Nissan's Infiniti division, expressed hope that luxury car sales will recover this spring to pre-war and pre-recession levels. That would assume the economy improves and the luxury car market bounces back after pulling sales ahead into late 1990 to beat the Jan. 1 luxury tax.

Bruce: hopeful for luxury rebound.

Elliott: Honda revises '91 goal.

Tom Elliott, executive vice president of American Honda Motor Co. Inc., noted that Honda cut back its U.S.-bound production because of the economy. Last September, the company expected to sell 900,000 cars in the 1991 calendar year, said Elliott. Now the goal is to exceed last year's 855,000 Honda and Acura sales, he said.

But the recession did make it easier to pitch the idea that 1980s-style conspicuous consumption is "out," and cheaper cars are "in."

Along those lines, Tom Ryan, vice president of marketing at Hyundai Motor America, showed the company's 1992 Elantra model, to be introduced later this year for "well under $10,000."

Ryan didn't use the term "yuppie," but he said the Elantra is supposed to appeal to "young, white-collar, college-educated, family-oriented" people.

"Now, we are in a decade where those people are more conservative and responsible with their money and with their purchases."

Chris Wackman, vice president of marketing for Subaru of America, used similar logic in explaining why adding standard air conditioning and power accessories at a reduced price boosted sales of Subaru's aging Loyale line for 1991.

"There's a definite move toward value," Wackman said.

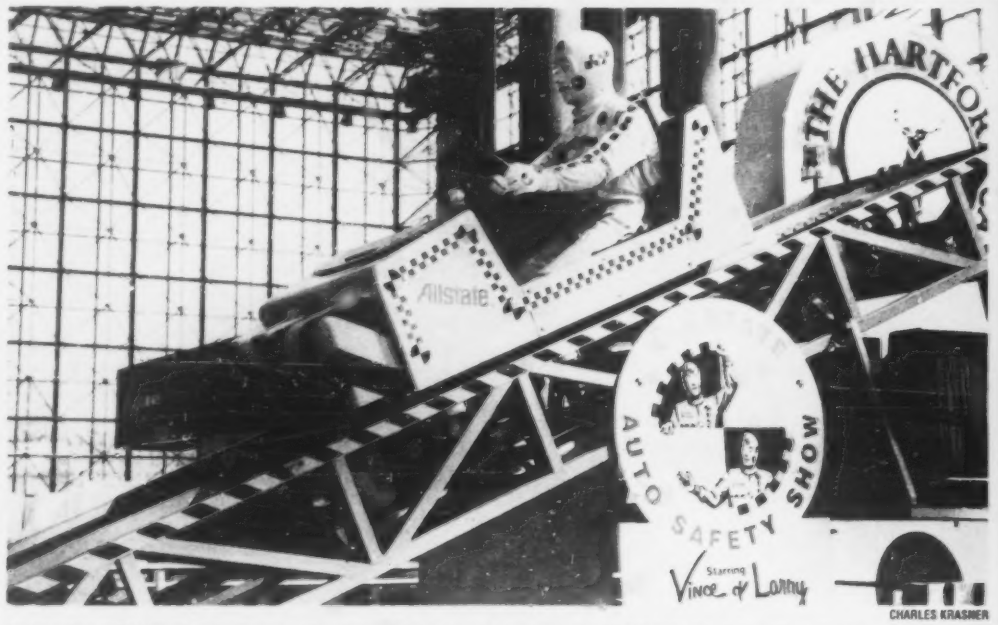
"When you looked at the '80s, it was the decade of conspicuous consumption, and conspicuous consumption was good. The '90s don't seem to be that," he said.

Other New York show news:

- Acura expects to sell between 18,000 and 20,000 of its new Vigor models this year. In calendar year 1992, sales are expected to fall between 24,000 and 30,000 units. The new five-cylinder sedan goes on sale this monthin the $23,000 to $26,000 bracket, Acura said.
- Volvo Cars of North America unveiled the "Volvo Saved My Life Club" for people who say their Volvo saved lives in accidents.

"We get thousands of letters from people who say that what made the critical difference was the Volvo automobile," said Joseph L. Nicolato, president and chief executive officer. He made it clear he's sick of Lee Iacocca bragging about the lives Chrysler Corp.'s air bags have saved.

- Hyundai Motor America is adding a Special Edition (SE) trim level for its Excel GS 3-door, Excel GL 4-door, Scoupe, Sonata and Sonata GLS V-6 models.



CHARLES KRASNER

In keeping with the show's themes of safety and a clean environment, the Allstate Insurance Co. display featured crash-test dummies Larry and Vince from popular public-service advertisements.

BE A WINNERS CIRCLE

BOBBY UNSER & ANGLO AMERICAN
THE CHAMPIONSHIP TEAM

ENTER ANGLO AMERICAN'S WINNERS CIRCLE WEEKEND PROMOTION, AND YOU COULD BECOME THE PERSONAL GUESTS OF ANGLO AMERICAN AND BOBBY UNSER AT THIS YEAR'S INDY 500!

Every dealer who visits an Anglo American auto auction in the month of April is automatically eligible to become a Winners Circle Weekend V.I.P.

A winner will be selected from each of our auctions; maybe you and a guest will be among the lucky 48 Winners Circle Weekend V.I.P.'s!!

Each Winners Circle Weekend Package includes:
Roundtrip airfare for two, between the auction city and Indianapolis.
Luxury accommodations at the Omni Severin Hotel.
Two tickets to the Indy 500 with motorcade escort to the race.
Tickets to flagship Indy 500 events.
Limited Edition Winners Circle V.I.P. racing jackets.
Special photo opportunities with Bobby Unser, 3-time Indy winner!

Contest period runs from April 1 thru April 26, 1991.

Drawings will be held the week of April 22 at each Anglo American auto auction.

No purchase necessary.

SERVICE MANAGEMENT

Toyota suppliers a key component of long-term strategy

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

CHICAGO — Toyota Motor Corp. invests billions of dollars in manufacturing plants and research and development facilities.

In addition, Toyota also invests heavily in supplier firms to build a world-class network of suppliers to assure its future success in the American market.

In outlining the relationship between Toyota and its suppliers, Richard J.Gallio, vice president of parts, service and U.S. products for Toyota Motor Sales U.S.A. Inc., said suppliers are an integral part of the automaker's production system, not only in Japan but also the United States.

In most cases, Gallio said, suppliers are treated as a partner in Toyota's long-range strategy.

Business relationships between both parties are intended to be long term and mutually beneficial.

Gallio's responsibilities include coordination and communication with Toyota and all North American manufacturing plants to enhance product quality. He also is responsible for the development and procurement of all U.S. products, accessories, replacement parts and vehicle conversions, as well as development and implementation of all parts and service programs.

Gallio told a meeting of the Automotive Service Industry Association that Toyota's relationships with suppliers go hand-in-hand with its concept of Total Quality Management — a philosophy that is an important reason why the automaker has been so successful.

Citing examples of how Total Quality Management has been made a part of Toyota's corporate culture, Gallio said it's best explained by a relentless dedication to continuous improvement; one of never being satisfied with the current situation; and continually trying to do the little things better and better.

He noted that in 1990, two million suggestions were received by Toyota from employees worldwide; 97 percent were implemented.

"Total Quality Management also means applying just-in-time production techniques across the board to parts as well as vehicles," Gallio said, "and measuring quality in parts per million and perhaps soon in parts per billion.

"It also means building the very best and giving every customer what they want," he added, "and then raising customer expectations by giving them even better products than they were demanding."

This approach, Gallio said, actually proves more efficient. He noted that Toyota requires an average of 13 man-hours to assemble a vehicle versus 19 to 22 man-hours for Honda, Nissan and Ford.

"Our Lexus LS400 matches Mercedes-Benz quality, but Lexus requires only one-sixth the man-hours to assemble," he said. "Think of what this means not just for market share but also profitability."

To serve customers in today's market, manufacturers need to listen, Gallio told the meeting.

"Find out exactly what they really want, find out what they're not happy with and act upon it," Gallio said. "At Toyota, our goal is to look at every system and at every process, and to create a competitive advantage, all based on customer satisfaction."

> Our Lexus LS400 matches Mercedes-Benz quality, but Lexus requires only one-sixth the man-hours to assemble. Think of what this means not just for market share but also profitability.
>
> **Richard J. Gallio**
> Toyota vice president of parts, service and U.S. products

Gallio said customer satisfaction and customer retention will clearly be Toyota's marketing strategy for the 1990s. The automaker knows that its 10 million Toyota owners are its biggest asset and that they hold the key to the company's future success.

What does all this mean for Toyota's suppliers?

"Well, simply stated, because of Toyota's dedication to customer satisfaction," Gallio said, "our suppliers must understand and respond to Toyota's needs, as well the needs of our customers.

"Therefore, suppliers must be world-class in cost, quality and delivery," he said. "And they must be capable of becoming an extension of Toyota in both performing research and development, as well as practicing day-to-day teamwork."

Some of the ways Toyota shares its dedication to quality with its U.S. parts and accessory suppliers, under its Supplier Development Outreach Program include:

- An annual supplier seminar that offers workshops and facilitates on-going dialogue with the suppliers.
- A program that invites selected suppliers to Japan to see the Toyota production system in operation and to talk with some of the automaker's Japanese suppliers.
- A pair of week-long Total Quality Manangememt seminars — one for senior management and a second for operating managers.

Also last year, Toyota launched its first full-scale production system training project for suppliers in the United States.

"Projects like this are a major undertaking," Galio said, "but they demonstrate Toyota's commitment to quality and continuous improvement."

In addition to expanding business with U.S. suppliers, Gallio said Toyota's goal is to help them become original-equipment suppliers to the three Toyota plants in North America and to Toyota in Japan.

By the mid-1990s, Toyota's goal is to sell 1.5 million vehicles annually in the United States, with close to half of them built in North America, and to source half of its parts and accessories in the United States as well.

"The opportunities are growing rapidly," Gallio said. "Local content at the three North America plants is moving to 75 percent or more and we're looking to export billons of dollars worth of vehicles and products from the United States later this decade."

According to Gallio, the value of parts and accessories Toyota sells directly will rise to an expected $800 million by 1995 and the automaker will be doing business with 200 U.S. supplier firms.

Service index falls in Feb.

Service and parts business at new-car dealerships, which showed an increase to start the year, slowed in February as measured by the Automotive News Service Index.

Shop business for the month totaled 97.7 percent of the amount posted in February 1990. But a year ago, the index was up 13.6 percent from February 1989, the third month of what was to be a six-month string of increases.

In January, the index rose 2.4 percent over a year earlier.

A number of respondents singled out the Persian Gulf war and the recession as negative influences on their February business.

The decline came amid increased advertising of parts and service by dealers working to offset the continuing plunge in new-car sales.

Among the individual indicators, shop parts sales rang up the largest gain, topping the previous year by 7.3 percent. Total labor sales inched up 2.8 percent, and gross profit on all labor and parts and accessories sales rose 1.9 percent.

On the negative side, sales of all parts and accessories tumbled 6.9 percent. The number of repair orders written was unchanged from February 1990.

For the first two months of the year, only parts and accessories sales were down from 1990, declining 2.8 percent. Service business for the year to date was virtually the same as that of a year ago.

Figures used in the Service Index are compiled from monthly reports on service and parts business from a cross-section of the nation's new-car dealers.

SERVICE INDEX
97.7*

	Feb. '91 vs. Feb. '90	Jan.-Feb. '91 vs. Jan.-Feb. '90
Gross Profit on All Labor and P&A Sales	+ 1.9%	+ 2.3%
Repair Orders Written	0.0%	+ 3.1%
Total Labor Sales (Customer & Warranty)	+ 2.8%	+ 4.2%
Shop Parts Sales (Customer & Warranty)	+ 7.3%	+ 6.4%
Sales of All P&A	− 6.9%	− 2.8%

* Survey by Automotive News shows that dealers' service and parts business in February 1991 was 97.7 percent of business in February 1990. Service business in the first two months of 1991 was 100.1 percent of business in the corresponding period in 1990.

Natural gas refueling directory available

The American Gas Association expects four million natural gas vehicles to be on the road in 2005.

The current refueling infrastructure will have to grow considerably to make those vehicles practical for consumers.

Today, there are only about 325 natural gas refueling stations in 40 states and the District of Columbia. About one-third of those are currently open to the public or available through arrangements with the operator.

To find those stations, interested parties can send $6) to the association in Arlington, Va., for the *Directory of Natural Gas Vehicle Refueling Stations, Products and Services.*

SERVICE BRIEFS

Goodyear adds TDD line

AKRON, Ohio — Goodyear has added a telecommunications device for deaf and other hearing- and speech-impaired customers. The device, known as a TDD, includes a keyboard to transmit and receive messages via telephone lines.

By dialing (216) 796-6065, customers with a TDD can ask questions about Goodyear tires and services with customer representatives at the company's Assistance Center. Hearing customers can contact the center at 1-800-321-2136.

Carquest merging units

RALEIGH, N.C. — Carquest Corp. will merge its General Parts Inc. and Indiana Parts Warehouse distribution companies into a single unit on April 26. The new company will use the General Parts Inc. name.

With the merger, General Parts Inc. will operate 13 distribution centers serving Carquest Auto Parts stores in 23 states.

Import tests are popular

DIAMOND BAR, Calif. — The Auto International Association says more than 1,500 of its Import Parts Specialist certification tests have been purchased over the past year.

The test covers such knowledge as understanding of air and water-cooled engines, car manufacturers, national origin of vehicles and part numbering systems. Test copies have been purchased in bulk by companies such as Import Parts America, Lazorlite and Beck/Arnley World Parts. For a copy of the test, call Bonnie Imsland at (714) 396-0289, ext. 113.

New hydraulic fluid bows

MEMPHIS, Tenn. — An environmentally safe hydraulic fluid developed from a vegetable oil for operation of new and old lifts has been announced by the Rotary Lift Division of Dover Industries Co.

According to the company, the non-toxic Rotary Hydraulic Bio-Fluid is said to meet all current industry recognized requirements of environmentally safe fluids accepted by the EPA. Distribution of the fluid started March 1.

Along with the environmental standards, the fluid, four years in development, provides excellent anti-wear, anti-foam, anti-rust and film strength for in-ground and surface lift hydraulic systems, the firm said.

Merger talks hit snag

CHICAGO — In order to give both groups a chance to further examine unresolved issues, the Automotive Service Industry Association and Automotive Parts and Accessories Association have ended talks of a proposed merger.

The chairmen of the associations — Gene Gardner, DuPontCo. planning, quality and productivity director, and Jim Thomas, Maremont Exhaust Products Co. president — said the associations have agendas and priorities that make it difficult for a merged association to achieve its aims with maximum effectiveness.

Both executives said a dialogue would be maintained between the two trade groups.

Glass alliance formed

NORTHBROOK, Ill. — Sears Roebuck and Co., Allstate Insurance Co. and The Globe Group have formed an alliance to offer nationwide automobile glass repair and replacement services through more than 250 automotive and light-truck service centers.

The service, called Autoglass by Sears, is an association between Sears and the newly created subsidiary of Globe called AutoComp Services Inc. Allstate is the first national client for the service.

Globe will manage and operate Autoglass by Sears at service bays in Sears service centers. Globe also does business as U.S. Auto Glass Centers Inc., USA-GLAS Network and Globe Glass & Mirror Co.

Troubleshoot entries up

ORLANDO, Fla. — Nearly 14,800 students — twice as many entrants as last year — will compete for $1.2 million in scholarships and prizes in the Plymouth-AAA Troubleshooting Contest.

Sponsored jointly by Plymouth and the American Automobile Association, the contest involves 1,853 high schools and vocational programs at the state level. State winners receive an expense-paid trip to Washington with their instructors for the national finals June 17.

In the hands-on testing at the state and national levels, two-member teams compete against each other and the clock to find and repair deliberately bugged 1991 Plymouth cars.

MEXICO

FROM PAGE 1

tically support free trade with the country.

But treaty or not, Mexico is steamrolling forward.

Although the Mexican vehicle market is still about 1/25th the size of the U.S. new-vehicle market, sales in Mexico have been leaping by an average of 30 percent a year since 1988. Last year, sales of Mexico's Big 5 automakers totaled 527,296 cars and trucks, up from 240,000 in 1987. This year, forecasters see sales of about 625,000 units. In another five years, sales are expected to top 1.5 million units annually. More optimistic calculations see the market eventually swelling to 5 million units a year.

That's good news for Detroit's automakers, who collectively account for more than half of Mexico's car and light-truck sales.

Imports into Mexico have gotten a boost too, thanks to Mexico's lifting of a ban. They reached 9,500 last year.

Big 3 opportunity

For once, U.S. carmakers may have a better shot at the bonanza than most of their aggressive Japanese competitors.

Not only is the market sitting in the United States' proverbial back yard, but each of the Big 3 has a longstanding business relationship in place, points out James P. Womack, a professor at the Massachusetts Institute of Technology's Center for International Studies and a trade consultant to the Mexican government.

"Where else can U.S. carmakers look right now to pick up as many as 4.5 million new car sales a year?" Womack asks.

As if that scenario weren't rosy enough, industry observers also are touting Mexico as a vital low-cost production base for profit-squeezed North American carmakers.

The Big 3 are already building and exporting Mexican cars, as are Germany's Volkswagen AG and Nissan Motor Co. Ltd. of Japan. But with the proposed free-trade agreement, Mexico could become a swarming center of car production, with new factories aimed at the U.S. and Canadian markets. Companies ranging from VW to dozens of U.S. and Japanese partsmakers already are sinking billions into new factories there.

Mexican exports to the United States have increased five-fold over the past five years, hitting an estimated 260,000 vehicles last year. Victor Barrionuevo, Mexican industry analyst with the U.S.-based WEFA Group in Monterrey, Mexico, predicts exports to the U.S. market this year will probably reach 314,000.

Current or recent plant expansions by VW, Ford and Nissan should increase export capacity to 550,000 cars and trucks by 1992 — and that's before opening the floodgates of free trade.

Unionized Mexican autoworkers still earn a fraction of what their counterparts north of the border take home, and parts factories typically pay workers about $1 an hour. The cost savings could enable manufacturers to produce entry-level vehicles cheaply enough to throw the East Asian competition for a loop.

Investment abounds

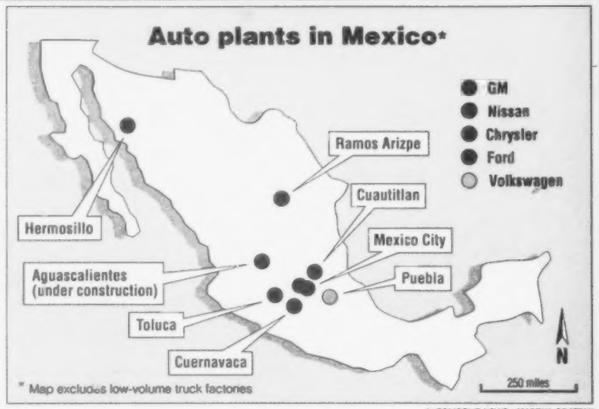
In response to rising interest in Mexico, the Mexican Trade Commissioner's office in Chicago estimates that as many as 200 automotive companies are now looking into Mexican opportunities.

"We don't know where the limit is, frankly," admits Ford's Scheele. But Ford and its competitors are eager to find out.

- Ford recently announced plans to spend $700 million to double the capacity of an engine factory in Chihuahua that will mean exports of about 500,000 engines a year to U.S. plants. That follows the $750 million Ford spent to expand its Ford Escort/Mercury Tracer plant in Hermosillo last year. All of that plant's annual capacity of 170,000 cars are targeted at the United States. The company has invested almost $2.75 billion in Mexico in the past 10 years.
- Volkswagen closed its only U.S. assembly plant two years ago and has since declared Mexico its North American production base. It is currently spending about $500 million at its Puebla complex to expand production capacity enough to supply its entire Mexican market and the United States and Canada with Golfs and Jettas.

Locally produced VW Beetles — the best-selling car in Mexico — retail for a mere $5,000. VW maintains an industry-leading 38 percent share of Mexico's car and truck market, and is expanding from a capacity of 57,000 three years ago to more than 300,000 by 1992. Half could be exported.

- Nissan is spending $1 billion on a new plant in Aguascalientes set to open in 1992. It will initially build 120,000 Sentras annually for Mexico, Canada, Latin America and probably the United States. Nissan also has enhanced its Cuernavaca engine plant to export truck engines into its U.S. assembly plant.
- Chrysler Corp. has produced vehicles in Mexico since the 1940s, and last year built 73,080 cars and trucks for export to the United States. The company declined to discuss its outlook for the market, saying it is "too sensitive of an issue right now."
- General Motors built 40,003 cars for export to the United States last year. In addition, the company now operates 26 component plants in the country.



AUTOMOTIVE NEWS / MARTHA GRATTAN

Caution is watchword

Officials from the Big 3 are reluctant to appear eager over Mexico, largely because of their sensitive relationship with organized labor in the United States and Canada.

Creating jobs in Mexico is fine, points out Stephen Beckman, international economist with the UAW. Moving jobs from the United States is a problem.

GM spent much of 1990 under a cloud created by the movie *Roger & Me*, which chastised the corporation for pulling production out of Flint, Mich., and moving factories to Mexico in the 1980s.

The politics that will be involved if the Big 3 begin adding production in Mexico now, while North America is still glutted with underutilized factories and laid-off UAW members, could be costly for the carmakers. Such tensions are already holding up trade talks in Washington.

Political pressures

The Bush administration wants "fast-track" authority to negotiate the free-trade agreement with Mexico and Canada. That move would effectively prevent Congress from tinkering with a proposed treaty and is now under political fire on various fronts.

President George Bush and Mexican President Carlos Salinas de Gortari would like an agreement by year's end.

The UAW — believing it has already lost 75,000 jobs to Mexico and stands to lose many more — would like to stop the whole Mexican fiesta.

The Canadian Auto Workers also have decried the proposed free-trade agreement, regardless of whether it includes Canada or not.

But a new study published by the Washington-based U.S. Council of the Mexico-U.S. Business Committee disputes the idea that U.S. and Canadian plants will shut down and be replaced by Mexican factories. The study suggests that a free-trade deal could create at least as 400,000 jobs in the United States during its first five to six years. Further, the new arrangement would spur investment of at least $25 billion initially, with some $18 billion of that returning as new sales for U.S. firms, according to the organization.

MIT's Womack contends that increased Mexican production by the Big 3 would actually benefit organized labor north of the border. Under a free-trade agreement, the Big 3 would most likely use Mexico as a stage for building its own low-end cars again, predicts Womack. Those low-end cars already are largely produced outside the United States by the Big 3's Asian partners, but with no role for American union members.

"Those are the cars that would most likely go to Mexico," Womack reasons. "And who would benefit? It would be the U.S. and Canadian component manufacturers who would begin supplying them. It would be the Big 3, who would reclaim that segment of the market. It would be the UAW, who would see more profits pumped into the more expensive car lines that they build."

Other world producers could also find Mexico attractive in the 1990s. Daihatsu Motors Ltd., a Japanese carmaker that has been limited by the Japanese government from increasing its U.S. exports, has been longing for a North American assembly plant. Korea's Daewoo Motor Co. Ltd. also recently announced that it wants to build a North American manufacturing base.

No signs yet

Why, if manufacturing is potentially so cheap in Mexico, haven't the Big 3's Mexican-made vehicles already swamped the United States?

Labor costs are not the only factor to consider. Labor typically represents less than 20 percent of a car's total production expense. Slashing that cost would give assemblers an edge in the market, as would further savings from Mexican-made subcomponents. Research from MIT's International Motor Vehicle Program indicates that it costs GM $625 less to deliver a Celebrity, which had been made in Mexico, to U.S. dealers than one from its Oklahoma City plant. But the cost benefits so far haven't translated into radical showroom price cuts.

Womack offers another answer. The Big 3 are seeing only modest benefits from their Mexican imports, he contends, because they have only partially embraced a Mexican production strategy. Given the new freedom of a free-trade agreement, he predicts, they will eventually have to adopt a fully integrated Mexican production strategy to remain competitive in the U.S. market.

"It isn't going to work as long as Ford just builds some Escorts in Mexico for the U.S. market, and

String of five government decrees steers industry down bumpy road

By Stephen Downer
STAFF CORRESPONDENT

MEXICO CITY — The Mexican auto industry's development since Ford Motor Co. established the first assembly plant in Mexico nearly 60 years ago has been erratic.

In August 1962, in the first of five government decrees that have controlled the industry for 29 years, Mexico announced that within two years 60 percent of all vehicles sold in Mexico had to be fitted with components supplied by Mexican-based manufacturers. Imported engines for passenger cars and trucks were banned in September 1964.

The result was what the government wanted: a mass exodus of a wide variety of companies such as Volvo, Austin, Peugeot and Fiat. Mexico was left with Ford, General Motors and Chrysler. The last two had set up plants about a decade after Ford opened its first Mexican plant in 1932.

The Big 3 were eventually joined by Nissan, Volkswagen, Renault, American Motors and Borgward, which had been bought by the Ramirez Group of Monterrey in northern Mexico with some help from the Mexican government.

Borgward survived for only a few years. By 1986, American Motors and Renault were gone, too.

A second government decree, in October 1972, mandated that components manufactured by the Mexican parts industry be used in all Mexican-made vehicles, on condition they cost no more than 25 percent more than imported parts.

After an inconsequential 1977 decree, a 1983 decree restricted each manufacturer to three lines of passenger cars and seven models in the 1984 model year, two lines and five models in 1985 and 1986 and one line with five models in 1987.

The restrictions were removed in the fifth and most recent decree, published in December 1989. For the first time in three decades, Mexico was opened to imports of new vehicles.

For every dollar's worth of imports, automakers already established in Mexico must export $2.50 worth. The export requirement will drop to $2 for every dollar in the 1992 and 1993 model years and to $1.75 per dollar in the 1994 model year.

It had been assumed that the market would be open after that. But in its 1990 annual report, the Mexican Automotive Industry Association said it would be wrong to draw such a conclusion. The situation is still unclear.

The makers have an import quota not exceeding 15 percent of domestic market sales in the 1991 and 1992 model years and 20 percent in 1993.

With $4 billion slated for investment in building and expanding auto plants in the next few years, Mexico's importance as an automotive center is growing. But that promise would have been unimaginable less than a decade ago.

In 1981, the industry produced a record 597,118 vehicles, almost all for the domestic market.

A year later, peso devaluations were the order of the day, and the nationalization of the banking system killed investor confidence. By 1983, production had fallen to less than half the 1981 total.

Seeds of a turnaround were sewn in the second half of the decade when Mexico began to renegotiate its debt and the country joined the General Agreement on Tariffs and Trade.

All work, little pay

At VW Mexico, an autoworker's life can mean no car, no phone, no soccer

By Stephen Downer
STAFF CORRESPONDENT

PUEBLA, Mexico — Like most of the 17,000 hourly workers at the giant Volkswagen assembly plant here, Jose Gomez Moctezuma rides one of the company's buses to work. He does not own a car.

He is single and lives rent-free with his parents, three brothers and a sister in the Colonia Pino Suarez, a working, middle-class area of Puebla, his native city.

"If I had to pay rent, I would find it difficult to survive," he says.

He is 33, but the face behind the thick, green-tinted spectacles is that of a man 10 years older. He is the only member of his family employed by the German company.

For 12 years, ever since he joined Volkswagen, he has worked in the Type 2 vehicle body shop. Today, he's a solderer on the van-like vehicles.

He rises at 4:45 every weekday morning. After dressing and eating breakfast, he makes his way to the bus pick-up point. He works from 6 a.m. until 3 p.m., with a 30 minute-lunch break. Several unofficial breaks, "arranged with mates," help relieve the monotony.

He should finish at 2 p.m., but he works the extra hour to avoid weekend work. Obviously cultured, Gomez took up landscape painting three years ago as a form of therapeutic relief from the strain of his work. "It has helped me a lot," he says.

Gomez appears to dislike his job intensely. He grimaced, sighed deeply and made a negative sign with one hand when asked if he was happy.

"It's very hard. There's a lot of wear and tear on your body, hearing and sight. You're under tremendous stress all day."

Gomez nets $84 a week.

"We're exploited here," he says. "An American auto worker earns more and receives better benefits. Here, we use rudimentary tools. The company gets richer by the day, but our wages seem to shrink."

> An American auto worker earns more and receives better benefits. Here, we use rudimentary tools. The company gets richer by the day, but our wages seem to shrink.
>
> **Jose Gomez Moctezuma**
> VW factory worker

Wage increases during the past five years have averaged 15 to 20 percent a year. "But they always are below inflation," he says. "In Germany, plant workers and their wives own their own cars. They have the chance to study. Here, there's nothing like that."

Gomez is a member of one of the Mexican automotive industry's most pugnacious unions, the independent union of Volkswagen workers. In 1987, the union paralyzed the plant for 57 days in support of a 100 percent wage demand. It settled for 78 percent.

The union is different from most others in the industry because it is outside the Confederation of Mexican Workers, an arm of the ruling Institutional Revolutionary Party that has governed Mexico for 60 years.

Gomez is one of the highest paid hourly workers at the VW plant. His basic daily rate is about $15 for eight hours work. Newcomers start at $8 a day.

Several years ago, the union's directorate agreed to a restriction that would be unacceptable in many countries: After three years in office, directorate members must resign and leave the company. The result is a lack of continuity. The directorate also is open to suspicions of bribery and corruption because of its brief hold on power.

The union is highly commercial. It collects weekly dues and controls the 40 hectares (198 acres) on which the Volkswagen housing estate stands. It also arranges low-cost government credit for union members who wish to buy property there. Workers have the right to do so after a year's service with the company.

But the union does not appear interested in egalitarianism, or at least it tolerates an absence of it on the estate, which straddles the Mexico City-Veracruz highway.

On the south side of the road, 700 new condominiums with beige and brown facades impart an air of respectability that accentuates the shabbiness of the 500 terraced houses on the north side.

Average hourly compensation of automotive industry workers

Country	1981	1983	1986	1988	1989
United States	$16.94	$16.23	$19.97	$21.11	$21.51
Canada	11.58	12.65	13.38	16.56	17.74
Japan	7.61	7.83	11.80	16.36	15.65
Korea	1.40	1.68	2.00	3.41	4.92
Mexico	5.27	2.61	2.03	2.67	3.12*

*Estimate
Source: Mexican Automotive Industry Association, MVMA, Department of Commerce

AUTOMOTIVE NEWS / DAVID L. BURHANS

The south has a new kindergarten, play areas, a primary school and a technical secondary college. The north is dusty and neglected and on the verge of becoming a slum some 20 years after it was built. It is already a graveyard for unwanted Beetles.

Javier Huerta Garcia, 41, lives on the south side with his wife and six children. He started work at the plant 18 years ago as a floor washer and dishwasher. Today, he's a waiter in the executive area.

"I like my work. I've learned a lot," he says. "You meet all kinds of people — Japanese, Englishmen, Italians."

He is on the same wage scale as Gomez, but said he earns more as a waiter at private parties and receptions than he does at the plant. "My VW wage is not enough," he says.

He owns a 1982 Beetle and spends about $3,400 a year on schooling for his four children who still go to school. "I have all the basics. I'm not complaining."

Ramon Zurita Matamoros, 31, has worked at the plant for 13 years, most of the time as an engine machinist.

His basic wage is the same as that of the other two but, with a wife and three children to support, he finds it difficult to make ends meet. He works weekends to earn an extra $33 a week.

"I used to like soccer, but I don't have time to play now, what with all my work and union responsibilities," he says. Zurita is a union section delegate.

He does not own a car and has no telephone in his house, which is a 45-minute company bus ride from the plant.

"I like my work," Zurita says. "I try to do my job well, and we deserve more money. I'm always urging my colleagues to work better so we can justifiably argue for better wages and benefits."

Housing for VW plant workers is a study in contrasts. A 20-year-old section of primitive houses, left, has become a graveyard for abandoned Beetles, while across the highway, right, stands modern apartment buildings. Both estates are owned by the workers' union.

continues building most of its content in the United States," Womack argues, referring to the Mexican Escort's 78-percent North American content level. "When Mexico will become a powerful production base for the automakers is when they do it in total — cars, parts, raw material. Otherwise, they'll keep paying a lot of money on transportation, infrastructure and other costs that still reflect U.S. economics."

Trade barrier beefs

Another problem that continues to hamper U.S.-Mexican auto trade is the existing system of trade barriers. Although liberalized last November, Mexican law effectively requires importers to chose between importing cars or importing parts to build cars for export. Regulations require a company to export $2.50 in value for every $1 in value it imports; it drops to $2 for every $1 next year.

VW has no U.S. cars to import into Mexico. But Ford, GM, Chrysler and Nissan do, and must choose between importing parts into Mexico to build cars, or importing cars into Mexico to sell.

Given the current sluggish U.S. market, there is little incentive to ship more U.S.-made parts into Mexico because they would have to go into cars that would be exported, and U.S. car sales are too slow to warrant it. Additionally, Mexico imposes a 20 percent tariff on imported vehicles and 10 percent on imported parts.

"The real opportunity here is to support the growing domestic market, rather than exporting cars to the United States," offers Ford's Scheele. "Why would you want to put in new capacity to serve a market that's already glutted, as the U.S. market is?"

But with Detroit operating with most of its Mexico-directed assembly on one side of the border and its componentry on the other, it remains hamstrung in tapping new Mexican sales.

"I'd like to see the United States and Mexico pass a very liberal trade agreement," says Jerry Benefield, president and chief executive officer of Nissan's U.S. manufacturing operations. "U.S. industry could do a lot for Mexico if we could invest more freely. As it is now, doing business in Mexico is difficult because of having to work out all the trade requirements to import all the parts and materials you need."

Forging a trade pact

Industry trade groups have been confident that a free-trade deal will pass. But the deal is far from done, notes one U.S. Ford official. U.S. negotiators currently are bogged down in the international discussions of the Uruguay Round of the General Agreement on Tariffs and Trade, which was expected to conclude before now. A shortage of manpower among Washington's trade and commerce offices could sidetrack the free-trade negotiations. Bush has asked for — but not received — a two-year extension in the Mexican discussions.

Meanwhile, Congress has challenged Bush's fast-track request over issues ranging from labor to the environment to whether Prairie-state farmers will get to sell corn to Mexico's consumers. The White House maintains that it still hopes to conclude a treaty by December — a hope that is becoming increasingly unlikely.

Industry: Free-trade pact must limit use of off-shore parts

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

North American auto industry groups are largely in favor of a free-trade agreement between the United States, Canada and Mexico.

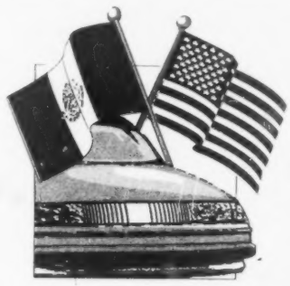
But some industry officials are concerned that if trade barriers are lifted on Mexican-made cars and parts, Japanese and European carmakers could assemble U.S.-bound products in Mexico using mainly off-shore parts.

Car makers and trade associations are urging tough "rules of origin" that would require a vehicle to contain a high percentage of North American-made parts in order to qualify for the duty-free privilege.

Volkswagen de Mexico built 45,993 cars for export to the United States and Canada last year. And Nissan Mexicana has begun shipping cars to Canada and has plans to export to the United States. Honda Motor Co. Ltd. now exports replacement body panels from Mexico. But the advent of a free-trade agreement is expected to unleash billions more in new plant investments.

"We're in favor of an agreement, but it has to contain strong rule-of-origin language," states Chris Bates, director of policy analysis for the Motor and Equipment Manufacturers Association, an 800-member parts trade group.

U.S. parts makers have lost some $10 billion in annual business with the erosion of Big 3 market share over the past decade. While a free-trade pact with Mexico is seen by many as a path toward restoring Big 3 competitiveness — and with it, Big 3 supplier competitiveness — the treaty also threatens to attract additional Japanese car production to the continent.



"Somebody is going to invest in Mexico under a free-trade agreement," comments James Womack, a professor with the Massachusetts Institute of Technology's Center for International Studies. "My only fear is that the Big 3 no longer seem to have the cash to do it."

No formal treaty has been proposed yet, but it could be modeled closely after the U.S.-Canadian Free Trade Agreement of 1989. That treaty knocks down tariffs between the two countries, eliminates restrictions on foreign ownership of business, and essentially allows a corporation from one nation to operate freely in the other.

A precursor to the free-trade deal has governed automotive trade between the United States and Canada since 1965. That deal, known as the U.S.-Canada Auto Pact, requires carmakers to have at least 50 percent North American content for duty-free benefits.

Mexico's existing restrictions are tougher than those that existed between Canada and the United States prior to the 1989 free-trade agreement. A foreign firm can own only 49 percent of a Mexican joint venture. Foreign firms also must export $2.50 worth of goods for every $1 in goods they import.

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Three views on free trade:

Seiroku Ochi, commercial director, Nissan Mexicana:

"In Japan, we lack a (large) work force, land and many things. If Japan is to continue to grow in the automotive industry, it must grow outside the country.

"Our worry is that the United States may not be quite willing to give a very good chance to foreign capital. So if Mexico turns just to the United States, no other Japanese company would be interested.

"The treaty must make provisions for German and Japanese companies to come here. They must receive similar treatment to Mexican and American companies. But we doubt that. It is not what the Americans are seeking."

Dietrich Aufenacker, executive commercial director, Volkswagen de Mexico:

A possible free-trade deal "is a huge opportunity, especially for the Mexican car industry, because it will be opening the domestic market to (Canada and the United States.)

Aufenacker: huge opportunity

"The international automotive industry has to see what kinds of cars it should produce in Mexico. I think it would be more worthwhile to produce entry-level cars in Mexico rather than luxury cars, due to Mexico's labor costs.

"The customer will benefit by getting cheaper cars. This practically confirms that VW's policy of using the Mexican plant as the production site for the North American markets is the correct one."

Cesar Flores, president, Mexican Automotive Industry Association:

"We are making a very careful analysis of the situation because we think that the free-trade agreement could be beneficial. We are trying to see what the advantages and disadvantages are. It is not easy for us because we have North American, European and Japanese companies here."

Flores: careful analysis

MEXICO'S EXPORT PRODUCTION

	To USA	To Canada	To other	Total
Chrysler*	**73,080**	**2,524**	**120**	**75,724**
Acclaim	8,311	0	14	8,325
Shadow	4,549	39	7	4,595
Spirit	8,338	0	14	8,352
LeBaron	32,224	1,529	53	33,806
D-150 truck	19,658	956	32	20,646
Ford	**88,604**	**0**	**0**	**88,604**
Escort	40,902	0	0	40,902
Tracer	47,702	0	0	47,702
Volkswagen*	**35,594**	**10,399**	**244**	**45,993**
Jetta	13,144	3,840	90	17,074
Golf	22,382	6,539	154	29,075
Other	68	20	0	88
General Motors	**40,993**	**0**	**0**	**40,993**
Century	40,993	0	0	40,993
Nissan	**0**	**156**	**25,145**	**25,301**
Tsuru (Sentra)	0	156	18,581	18,737
Trucks, vans	0	0	6,564	6,564
Totals	**238,271**	**13,079**	**25,509**	**276,737**

*Subtotals for individual models are Automotive News estimates.
Source: Mexican Automotive Industry Association.

Battle lines drawn over free-trade agreement

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

Wages, labor rights and the environment are threatening to run the proposed U.S.-Mexico free trade agreement aground.

A growing force in Congress is questioning the Bush administration's call for "fast-track" authority to negotiate a free-trade deal by December.

Rep. John Dingell, D-Mich., has warned the administration that the negotiations must address methods of correcting the lopsided wage differential between the two countries. Unionized auto plants in Mexico paid workers an average of $3.12 an hour in wages and benefits in 1989, compared with average compensation at UAW-organized plants in the United States of $21.51 an hour.

Issues ranging from whether Mexico is willing to protect union-organizing efforts to whether U.S. farmers will have the right to sell corn in the Mexican interior are pitting some House and Senate members against the pact.

Opponents have also voiced concerns that Mexico's pollution laws must be toughened before a torrent of new industrial investment is let loose. A study recently undertaken by KPMG Peat Marwick predicts that as much as $25 billion in new investment could go to Mexico as a result of a free-trade deal.

While manufacturers see the proposed open border as a source of new exports and cheap imports, union forces in the United States and Canada consider it a threat to jobs and future plant investment.

The UAW believes that free trade will lure thousands of automotive jobs to Mexico. The union estimates that Mexican plants — mostly low-wage "macquiladora" parts plants along the Texas and California borders — have already cost the U.S. industry 75,000 jobs.

Proponents contend that Mexico could be a shot in the arm for all North American industry.

"Will free trade cause more industry to move to Mexico? Yes, it will," predicts Harley Shaiken, professor of labor and technology at the University of California's Center for U.S.-Mexican Studies in San Diego. "Will the continent shift and all production slide into Mexico? Of course not. Politics, among other things, will prevent that."

At the same time, Shaiken believes a free-trade agreement will eventually push average Mexican wages up and U.S. wages down.

Shaiken's studies of Mexican productivity indicate that Mexican plants are highly qualified for more than the usual labor-intensive functions that industry has relocated there so far. "According to our research, the high-tech firms that have gambled and set up in Mexico have often found the quality exceeds that of the United States and equals Japan," he notes.

10-DAY CAR AND TRUCK SALES, BY MAKE

	Mar. 11-20 1991	Mar. 11-20 1990
ACURA (Imp.)	**4,029**	**3,279**
ALFA ROMEO (Imp.)*	**80**	**80**
ASTON MARTIN (Imp.)*	**2**	**2**
AUDI (Imp.)*	**262**	**677**
BMW (Imp.)*	**1,010**	**1,637**
Domestic car*	3,570	4,010
Imported car*	26	133
Domestic truck*	154	71
Chrysler Division*	**3,750**	**4,214**
Domestic car*	10,290	7,811
Imported car*	738	527
Domestic truck*	11,396	11,602
Imported truck*	98	452
Dodge*	**22,522**	**20,392**
Domestic car*	1,050	801
Imported car*	146	465
Eagle*	**1,196**	**1,266**
Domestic truck*	4,830	5,160
Jeep*	**4,830**	**5,160**
Domestic car*	6,090	5,486
Imported car*	258	522
Domestic truck*	4,620	3,366
Plymouth*	**10,968**	**9,374**
Domestic car*	21,000	18,108
Imported car*	1,167	1,646
Domestic truck*	21,000	20,199
Imported truck*	98	452
CHRYSLER CORP.*	**43,265**	**40,405**
Imported car*	128	366
Imported truck*	78	145
DAIHATSU*	**206**	**511**
FERRARI (Imp.)*	**24**	**24**
Domestic car	33,858	34,552
Imported car	1,169	1,638
Domestic truck	33,804	38,481
Ford Division	**68,831**	**74,671**
Domestic car	5,552	7,426
Lincoln	**5,552**	**7,426**
Domestic car	8,040	9,345
Imported car	2,350	621
Mercury	**10,390**	**9,966**
Domestic car	47,450	51,323
Imported car	3,519	2,259
Domestic truck	33,804	38,481
FORD	**84,773**	**92,063**
Domestic car	15,746	13,479
Buick	**15,746**	**13,479**
Domestic car	5,121	7,050
Cadillac	**5,121**	**7,050**
Domestic car	32,303	34,405
Imported car	2,042	4,087
Domestic truck	42,559	43,138
Imported truck	1	39
Chevrolet	**76,905**	**81,669**
Domestic car	13,668	14,450
Domestic truck	722	421
Oldsmobile	**14,390**	**14,871**
Domestic car	14,969	13,356
Imported car	871	583
Domestic truck	589	553
Pontiac	**16,429**	**14,492**
Domestic car	1,208	0
Saturn	**1,208**	**0**
Domestic car	83,015	82,740
Imported car	2,913	4,670
Domestic truck	43,870	44,112
Imported truck	1	39
GENERAL MOTORS	**129,799**	**131,561**

	Mar. 11-20 1991	Mar. 11-20 1990
Domestic car	11,205	9,808
Imported car	5,459	3,059
HONDA	**16,664**	**12,687**
Imported car*	2,643	3,594
HYUNDAI*†	**2,643**	**3,594**
INFINITI (Imp.)*	**572**	**465**
Imported car*	201	121
Domestic truck	1,057	130
Imported truck*	2,046	3,481
ISUZU*	**3,303**	**3,732**
JAGUAR (Imp.)*	**170**	**524**
LAMBORGHINI (Imp.)*	**4**	**4**
LEXUS (Imp.)	**1,234**	**1,276**
LOTUS (Imp.)*	**8**	**8**
MASERATI (Imp.)*	**6**	**6**
Domestic car	3,176	2,593
Imported car*	2,631	4,650
Domestic truck	265	0
Imported truck*	2,113	2,991
MAZDA*	**8,184**	**10,235**
MERCEDES-BENZ (Imp.)*	**1,194**	**2,067**
Domestic car	1,451	1,268
Imported car*	2,927	2,660
Imported truck*	1,148	1,093
MITSUBISHI*	**5,527**	**5,021**
Domestic car	3,739	2,515
Imported car*	4,614	9,783
Domestic truck	3,421	3,822
Imported truck*	3,392	5,825
NISSAN*	**15,166**	**21,945**
PEUGEOT (Imp.)*	**95**	**144**
PORSCHE (Imp.)*	**97**	**282**
RANGE ROVER (Imp.)*	**61**	**108**
ROLLS/BENTLEY (Imp.)*	**30**	**30**
SAAB (Imp.)*	**543**	**683**
STERLING (Imp.)*	**63**	**122**
Domestic car	1,363	46
Imported car*	1,568	3,392
SUBARU*	**2,931**	**3,438**
Domestic car	44	0
Imported car	114	143
Domestic truck	196	0
Imported truck	377	480
SUZUKI	**731**	**623**
Domestic car	7,510	8,580
Imported car	9,313	9,496
Imported truck	6,695	6,104
TOYOTA	**23,518**	**24,180**
Imported car*	2,260	3,910
Imported truck*	113	198
VOLKSWAGEN*	**2,373**	**4,107**
VOLVO*†	**1,718**	**2,180**
YUGO (Imp.)*	**74**	**171**
Domestic car	**179,953**	**176,981**
Imported car	**50,670**	**63,407**
TOTAL CAR	**230,623**	**240,388**
Domestic truck	**103,613**	**106,744**
Imported truck	**16,121**	**20,917**
TOTAL TRUCK	**119,734**	**127,661**
TOTAL CAR & TRK	**350,357**	**368,048**

*Estimated †Breakdown of North American built and imported car sales not available.
There were 9 selling days in the period this year and 8 last year.

Chrysler willing to sell off units

Cash from non-essential operations could fund new products

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — For-sale signs are cropping up throughout Chrysler Corp. in areas not essential to vehicle making.

As the company struggles to reach a $3 billion cost-cutting target in the midst of a recession, it is trying to shed a number of minor, non-essential operations, according to published reports.

These include several small pieces of Acustar Inc., Chrysler's parts-making subsidiary.

Chrysler also is reportedly willing to reduce its stake in New Venture Gear, a historic joint venture with General Motors. New Venture Gear, formed in 1989, produces manual transmissions and transfer cases. Acustar reportedly is trying to cut its share of New Venture Gear from 64 percent to 49 percent.

Also reportedly on the block are Acustar's Sandusky Plastic Products Corp. in Sandusky, Ohio; the Etobicoke Casting Division in Toronto, and Perth Metals Industries Division in Stratford, Ontario.

Sandusky Plastic Products employs about 250 people and makes automotive and marine vinyl seating. Etobicoke Casting employs about 430 and makes engine components. Perth Metals employs about 100 and makes automotive and non-automotive powdered metal products.

Chrysler called possible sale of the units "rumor and speculation" and declined comment.

But in its annual report, issued last week, Chrysler stated its willingness to pare down operations to generate cash.

The company said it intends to spend $16.40 billion from 1991 through 1995 for new products and plant modernization. Of the $16.40 billion, $9.32 billion will be spent to produce a new line of mid-sized cars, code-named LH, and a new sport-utility, code-named ZJ, which are to bow in 1992. Chrysler said it will fund the program through cash reserves and continuing operations.

"If required, however, such sources could be supplemented by cash generated from other financing actions including the sale of assets not related to Chrysler's core automotive operations," the annual report said. "In the current economic environment, however, no assurance can be given that Chrysler will be able to complete such sales satisfactorily."

> Chrysler plans to fully fund its pension obligations, substantially with funds generated from operations over the next eight years. Such contributions may be delayed or temporarily curtailed if immediate liquidity needs dictate.
>
> Chrysler annual report

Chrysler has already confirmed that it is willing to sell a minority interest of more than 25 percent or a controlling interest in Chrysler Financial Corp., its financial subsidiary.

It has declined comment on reports that it is also trying to reduce its ownership in Diamond-Star Motors Corp., a 50-50 joint venture car-making partnership with Mitsubishi Motors Corp. in Normal, Ill.

In the annual report, Chrysler also said that its unfunded pension liability rose 32 percent, from $2.75 billion in 1989 to $3.62 billion in 1990. The company said the increase was due primarily to benefit improvements contained in the UAW labor contract signed last fall and a decline in the value of pension fund assets.

"Chrysler plans to fully fund its pension obligations, substantially with funds generated from operations over the next eight years," the annual report said. "Such contributions may be delayed or temporarily curtailed if immediate liquidity needs dictate."

Chrysler moved recently to ensure its access to cash when it reached an agreement with a consortium of 38 banks, which reorganized the company's lines of credit.

Under the agreement, Chrysler's credit line is cut from $2.64 billion to $1.75 billion, but the borrowing terms are less restrictive.

A significant new provision of the agreement requires Chrysler to use 11 domestic manufacturing facilities and other unspecified assets as collateral if the company borrows more than $500 million. The company has not borrowed under the previous line of credit.

Chrysler said in its annual report that it had $3.36 billion in cash on Dec. 31, 1990, including $576 million held by Chrysler Financial. But Chrysler Chairman Lee Iacocca indicated recently that first-quarter operations siphoned off a significant amount of that reserve.

SALES

FROM PAGE 3

dipped 20.1 percent, and trucks fell 22.9 percent.

After the end of the Persian Gulf war in late February, consumer confidence improved in March.

The Conference Board in New York said its consumer confidence index jumped to 81.0 in March from 59.4 in February, a record one-month gain. The index was 101.7 last July, just before the deployment of Operation Desert Shield.

The survey uses attitudes in 1985 as a 100-point baseline.

But the percentage of respondents who plan to buy a car within six months declined from 7.5 percent in February to 6.7 percent in March. Last July, 8.8 percent of the 5,000 households surveyed said they planned to buy a car within six months.

Loren C. Scott, an economics professor at Louisiana State University, said the overall improvement in consumer confidence was good news for the auto industry.

"When people are worried about losing their jobs, or if they've lost their job, the first thing that gets postponed is durable goods like cars, furniture and houses," Scott said. He stuck with an earlier forecast that the U.S. economy should begin to improve in the second quarter of the year.

In mid-March, Ford Motor Co. sales were down 7.9 percent — 4.9 percent for cars and 12.2 percent for trucks. General Motors overall sales fell 1.3 percent to 129,799, but Pontiac and Buick showed gains.

American Honda Motor Co., which sweetened its dealer incentives on Honda cars after sales fell in February, saw big increases in its Honda and Acura sales. Acura was up 22.9 percent for the month, and Honda rose 29.5 percent.

Sales slipped for Toyota Motor Sales U.S.A. Inc. Toyota-brand cars and trucks were off 2.7 percent, and Lexus fell 3.3 percent.

EUROPE

FROM PAGE 6

noted that Japanese component makers also scored higher on labor productivity, quality, stock turnover, design and development productivity, faster delivery and design and development cycles, more variety and, in many cases, lower product cost.

It found that the European industry's technology level "seemed adequate." At the same time, it cautioned that new technology is not being fitted into cars quickly enough.

"Rapid new product development will be one of the most important competitive weapons in the automotive industry in the 1990s," the report said. "It will be critical for European producers . . . to improve their performance along this critical dimension of competition."

The report also found dramatic differences in the way the industries are organized. While Japanese relationships between suppliers and carmakers are based on trust and cooperation, the report noted, European and North American relationships are adversarial.

The study also called for a sharp consolidation in the number of suppliers used by European carmakers. European carmakers use 800 to 2,000 direct suppliers apiece, it noted, but Japanese producers typically rely on 160 to 300.

The report followed comments last week by Susuma Miyata, managing director of Nissan Motor Co.'s new European Technology Centre in Britain, that European suppliers are still not producing to Japanese standards of quality and reliability.

According to Miyata, European standards of quality could be raised to Japanese levels "only gradually."

He also cautioned that the speed with which European suppliers design and develop components must be improved if they are to keep up with Nissan's plans to design and develop a new car every 30 months.

Nissan spent some $600 million buying parts from 177 suppliers in Europe last year. It has said it plans to increase that to about $1 billion annually with the introduction next year of a new Micra class car to be built alongside the Primera at Nissan's factory near Sunderland in northeast England.

RESEARCH

FROM PAGE 6

environmental issues related to the automotive industry," said Joseph M. Norbeck, first chairman of the partnership's management committee. He is manager of the chemistry department for Ford's research staff.

"The important benefit is to be able to respond on long-term research," he said. "We're all resource limited, and this should provide an opportunity to tackle these environmental issues as efficiently as possible."

Norbeck said all the partners have areas of expertise in which they have concentrated. For example, Ford has a very advanced "atmospheric chemistry group" and GM has concentrated on "long-term health effects."

The partnership's goals are to work closely with the EPA, the California Air Resources Board and other government agencies. The partnership will coordinate efforts with leading universities and government research centers.

Signing the agreement were Francois J. Castaing, vice president of vehicle engineering at Chrysler; John P. MacTague, vice president of technical affairs at Ford; Gary W. Dickinson, vice president in charge of the Technical Staffs Group at GM; and James C. McCandless, vice president of engineering at Navistar's Engine and Foundry Division.

Under the National Cooperative Research Act, the U.S. Justice Department's Antitrust Division and the Federal Trade Commission have been notified.

Saturn's second shift won't be like others'

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

SPRING HILL, Tenn. — When the Saturn Corp. plant inaugurates its second shift within the next few months, it will represent yet another innovation for the fledgling auto company.

Saturn, which last fall unveiled a car containing 54 patented inventions from a factory that prides itself on doing things differently, will add its work rules and shift-rotation policies to that list.

Rather than use one day shift and one evening shift, as other auto plants do, the Tennessee operation has designated an "A" shift and a "B" shift.

Saturn will rotate its entire work force from days to nights on a weekly basis, giving each group an opportunity to work both schedules.

Robert Boruff, Saturn's vice president of manufacturing, said that workers from both shifts are already in the plant, working simultaneously.

That arrangement will enable the company to start second-shift production virtually overnight, he said.

Plants normally hire a separate group of workers for a second shift and slowly phase in the shift over several weeks.

"Doing it this way will enable us to increase our production time in one step, virtually between a Friday afternoon when we go home and Monday morning when we start up again," Boruff said.

Boruff and Michael Bennett, president of Saturn's UAW Local 1853, said that while the launch is envisioned for late spring, the company has not yet chosen the date to begin.

Mechanical problems at the $1.9 billion factory resulted in a slow startup last fall, causing dealers to open stores with scant inventory.

Boruff said that those early problems "are behind us." He said the company is looking for a sign from the automobile market on when to increase production and start a second shift.

The company halted its hiring drive last month with about 4,000 plant workers. A Saturn spokeswoman said that number is adequate to begin two-shift production.

Bennett said the decision to rotate shifts is the result of five years of study on the ideal work schedule. Saturn's manufacturing employees work four 10-hour days per week.

The rotating, four-day schedules will result in less on-the-job boredom, more leisure time and greater job security, Bennett said. Second shifts are traditionally more prone to layoffs.

Bennett said market demand for the new car will be the key factor in expanding production. Saturn will add more than 30 dealers this spring, starting this week, bringing the total to about 100.

"We're not going to ignore the economic climate out there," Boruff said, referring to the current industrywide slump in auto sales.

The higher-end Saturn coupes now comprise about 25 percent of the plant's weekly output of 910 cars.

The lack of coupes in Saturn's first months left most dealers with only one or two sample models in their showrooms.

Boruff said the supply problems that limited the plant's output of automatic transmissions have also been solved, and Saturn is now turning out manual and automatic-transmission versions of the cars as dealers order them.

> "Doing it this way will enable us to increase our production time in one step, virtually between a Friday afternoon when we go home and Monday morning when we start up again."
>
> **Robert Boruff**
> Saturn vice president of manufacturing

Previa, Galant, Century fall short in 35-mph crash

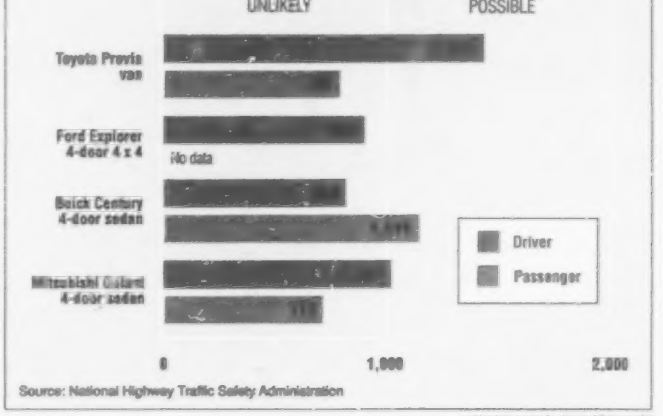
By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Three vehicles have scored in the "possible" head-injury range in the National Highway Traffic Safety Administration's latest 35-mph crashes.

The Toyota Previa and Mitsubishi Galant had driver-side scores above 1,000, and the Buick Century sedan had a passenger-side score above 1,000. The Ford Explorer posted a driver-side score of 903. NHTSA says that score indicates head injury is "unlikely." There was no score for the Explorer's passenger side because of testing problems. None of the vehicles have air bags.

With the release of its 1991 crash scores, NHTSA has changed its labels for the likelihood of injury. The agency now says only that injury is unlikely below 1,000 and possible above that. Previously, scores under 750 indicated injury was "unlikely," scores of 750 to 1,250 showed that injury was "possible" and scores above 1,250 indicated that injury was "likely."

The spokesman said NHTSA Administrator Jerry R. Curry changed the categories so each reflects the thresholds used in the government's occupant-protection standards. Cars comply with U.S. safety rules if occupant scores are under 1,000 in 30-mph tests.



AUTOMOTIVE NEWS / CHARLOTTE WINTER

Saturn, like Toyota, asks public for ad help

By Raymond Serafin and Cleveland Horton
CRAIN NEWS SERVICE

Advertisers constantly ask consumers to evaluate their ad copy. Saturn Corp., like Toyota Motor Sales U.S.A. Inc., has taken the concept a step further by advertising for consumer help to create future ads.

On Feb. 25, Saturn began airing two lighthearted 60-second radio spots in seven markets, asking listeners to call an 800 number to nominate a spokesman for its commercials. More than 3,000 people called the first week, with most callers nominating themselves, said Thomas Shaver, Saturn's director of marketing services.

Hal Riney & Partners of San Francisco, which handles Saturn's national and regional dealer group advertising, has prepared a follow-up spot that was expected to break last week, responding to the large number of callers who thought they would be perfect for the job.

"The campaign itself is kind of evolving," said Walter Smith, Riney vice president and management supervisor. He said a goal is to establish a "continuing dialogue" with customers and prospects.

> The Saturn and Toyota campaigns underscore the importance automakers place on developing the kind of personal customer relationship that can help nurture long-term brand loyalty.

Toyota went to the public for advertising ideas for its Previa minivan, with a print ad titled "Write our next Previa ad."

The ad featured accolades from the enthusiast publications and included a coupon for the public to add their suggestions. The ad ran, off and on, for about eight months in consumer magazines and *USA Today*. About 700 people have responded. Agency Saatchi & Saatchi DFS/Pacific of Torrance, Calif., is producing a follow-up ad featuring some consumer comments.

Earlier, Toyota created a "100,000 Mile Club" for Toyota truck owners. The company encouraged Toyota truck owners with more than 100,000 miles on their original vehicles to call an 800 number. In the past two years, more than 20,000 have called. After their claims were verified, some callers were used in ads.

The Saturn and Toyota campaigns underscore the importance automakers place on developing the kind of personal customer relationship that can help nurture long-term brand loyalty. The value of a typical new-car customer is estimated at $400,000 over a lifetime, said Shirley Young, General Motors vice president of consumer market development.

Saturn began using an 800 number with its first print ads last September and received 50,000 calls before the cars went on sale.

The Saturn radio commercials have aired so far in San Francisco; Los Angeles; Dallas; Miami; Charlotte, N.C.; and Fort Myers and Tampa, Fla.

In one spot, a folksy male announcer explains: "Because we're so new, you probably haven't heard any good word-of-mouth about us from people you trust. . . . And just so you'll want to listen to the whole commercial, we're going to try to find someone you trust ho also happens to be pretty funny."

A second spot notes that suggestions have come in for "a talk show host. . .and (local) figures like scoutmasters or truck-stop waitresses." It describes Saturn cars as designed "to go head to head with the likes of a Honda Civic" and with "a lot of neat features and a real low suggested retail price."

The announcer says the 800 number can be used not only to call in spokesman ideas, but also to find out where to test drive a Saturn.

Mercury ads adopt 'Pretty Woman' line

By Arlena Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

The song "Pretty Woman" is teamed with a bevy of pretty women in a series of dealer ad group spots touting Mercury cars.

The ads, which broke March 24, were created by Young & Rubicam in Detroit for the spring advertising campaign planned by dealer groups. Young & Rubicam is the ad agency for Lincoln-Mercury and L-M dealer groups.

The five 30-second spots feature young women in and around Mercury Capri, Cougar, Tracer, Sable, and Topaz cars. L-M purchased the rights to the Roy Orbison rock tune that got a second go-round at fame via the movie of the same name. A modern rendition of the song is sung by a California group.

Each spot focuses on one car in the Mercury stable. One commercial features a young woman, the wind in her blond hair, headed toward the beach in a red Capri convertible. With "Pretty Woman" playing in the background, the announcer points out the Capri's "16-valve engine, independent suspension, 2+2 seating and more."

The Topaz ad features a woman chauffeuring her children around, while the woman in the Cougar ad goes from a business suit in an office setting to casual clothes carrying an arm load of groceries.

The Sable and Tracer spots point out that the cars were named among *Car and Driver* magazine's 10 best. The Sable, Tracer and Cougar spots include customer incentive information.

Stephen G. Lyons, L-M advertising manager, said the spots were not designed to appeal to one gender or the other, but to target different segments of car buyers. The objectives of any ad, said Lyons, are to create awareness and persuade consumers to put the vehicles on their shopping lists. According to the results of consumer focus groups in Cincinnati, the ads appeal to men and women.

INCENTIVE WATCH
DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1990)		
Dodge Spirit	$500	6/30
Monaco	$1,000-2,000, based on sales	6/30
Dodge Ramcharger	$1,000	6/30
Eagle Premier	$1,000-2,000, based on sales	6/30
Jeep Grand Wagoneer	$3,500	6/30
Plymouth Acclaim	$500	6/30
Chrysler Corp. (1991)		
Dodge Spirit	$500	6/30
Monaco	$1,000-2,000, based on sales	6/30
Dodge Ramcharger	$1,000	6/30
Eagle Premier	$1,000-2,000, based on sales	6/30
Jeep Cherokee	$700	6/30
Grand Wagoneer	$3,500	6/30
Plymouth Acclaim	$500	6/30
Caravan, Voyager	$500	6/30
Ford Motor Co. (1990)		
Ford Taurus SHO	$3,000	4/10
Other cars	$800-1,500	4/10
Ford Bronco	$2,000	4/10
Other trucks	$900-1,100	4/10
Mercury	$800-1,500	4/10
All Lincoln	$1,000-2,000, based on sales	4/10
Ford Motor Co. (1991)		
Ford Taurus SHO	$1,000	4/10
Crown Victoria	$1,000	4/10
Other cars	$100-700, based on sales	4/10
Ford trucks	$100-700, based on sales	4/10
Mercury Topaz, Cougar, Sable	$100-750, based on sales	4/10
All Lincoln	0-$1,000, based on sales	4/10
General Motors (1990-91)		
Corvette	$1,000-3,000, quota	4/7
Chevrolet C1500	$500	4/7
Pontiac 1990*		
6000, Trans Sport	$400	4/7
Grand Prix, Bonneville	$1,000	4/7
*Rebate increased by $1,000 if dealer gives up rebates on 1991 models		
Pontiac 1991		
Sunbird, Trans Sport	$400	4/7
Acura (1990-91)		
Integra	$300	4/2
Honda		
Accord (1991)	$400 on each car ordered from importer	4/2
Hyundai		
1990 models	$1,000-2,000	4/3
1991 Sonata	$100-500, quota	4/3
Mitsubishi (1990-91)		
Cars, pickups	$300-1,300, quota	4/30
Montero	$1,500-2,000, based on sales	4/30
Nissan (1990)		
Pathfinder	$1,500	4/2
Nissan (1990-91)		
Stanza	0-$1,500, quota	4/2
Pickups	$1,200	4/2
Peugeot (1990)	$2,000	None
Subaru		
XT (1990-91)	$2,000	5/2
Legacy (1991)*	$500-1,700	5/2
Loyale (1990)	$800-1,500	5/2
*$1,000 extra on 1990 Legacys		
Suzuki (1990-91)	$400-1,000	4/3
Toyota (1989-91)		
Corolla and Camry	$200-1,000, quota	4/3
Celica	$200-1,500, quota	4/3
Trucks	$200-1,000, quota	4/3
Volkswagen (1990)		
Cars	$500-1,500	None

Chrysler and GM feed the rebate inferno

By Arlena Sawyers and Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTERS

Chrysler Corp. last week announced new consumer and dealer incentives on 1990 and 1991 vehicles, replacing programs that expired yesterday.

In addition, Chevrolet, Cadillac, Oldsmobile and Buick have revised and/or extended their customer rebates.

Most of Chrysler's customer rebates expire June 30, but there is a Sept. 30 termination date for payments of $1,500 on 1990 and 199' Dodge Monaco and Eagle Premier, $1,000 on 1991 Chrysler LeBaron coupe and convertible and $700 on 1991 Dodge Daytona. A $1,500 rebate on 1990 and 1991 Jeep Grand Wagoneer runs through Dec. 31.

Incentives of $500 on 1991 minivans without air bags continue. On 1990 minivans, the rebate to buyers is $1,500.

Chrysler's other 1991 consumer rebates are:

$1,500: Chrysler Imperial, New Yorker Fifth Avenue, Dodge Ram D/W truck (excluding diesel, including Club Cab).

$1,000: Chrysler New Yorker Salon, LeBaron sedan; Plymouth Acclaim; Dodge Dynasty, Spirit, Shadow convertible, Dakota pickup, Ram wagon, van, conversion van and Ramcharger; Jeep Comanche and Cherokee.

$700: Dodge and Plymouth Colt three-door (excluding base model), Plymouth Laser, Eagle Talon and Summit (excluding base model).

$400: Dodge and Plymouth Colt base three-door, Eagle Summit base three-door.

$500: Dodge Shadow, Plymouth Sundance and Jeep Wrangler.

$300: Dodge Ram 50 and Power Ram 50.

Consumer incentives on 1990 Chrysler Corp. cars and trucks are:

$2,000: Dodge Ram D/W truck (excluding diesel, including Club Cab), Ramcharger, Jeep Cherokee.

$1,750: Dodge Ram van conversion.

$1,500: Dodge Caravan/CV, Grand Caravan, Ram van, Ram wagon, Dakota pickup; Plymouth Voyager, Grand Voyager; Chrysler Town & Country.

$1,000: Chrysler Imperial, New Yorker Fifth Avenue, LeBaron coupe; Plymouth Laser; Plymouth and Dodge Vista; Eagle Talon; Jeep Comanche.

$700: Chrysler New Yorker Salon, Landau and LeBaron; Plymouth Acclaim and Sundance; Plymouth and Dodge Colt; Dodge Spirit, Shadow, Daytona and Dynasty; Eagle Summit.

$500: LeBaron convertible; Jeep Wrangler; Dodge Ram 50 and Power Ram 50.

In lieu of rebates consumers may choose finance rates of 4.9 percent to 9.9 percent on all vehicles except minivans. The financing rates on minivans range from 7.9 percent to 10.9 percent.

Chrysler dealer incentives, which expire June 30, are topped by a $3,-500 rebate on 1990 and 1991 Grand Wagoneer. Next in line are payments of $1,000 to $2,000 for sales of Monaco and Premier. The Monaco-Premier rebate is based on the number sold; the spiffs on Grand Wagoneer and others are flat payments per unit.

The payments are: $1,000 on 1990 and 1991 Ram Charger; $700 on 1991 Jeep Cherokee; and $500 on 1990 and 1991 Dodge Spirit, 1990 and 1991 Plymouth Acclaim, 1991 Dodge Caravan (without air bag) and 1991 Plymouth Voyager (without air bag).

Chevrolet raised the payment to $1,000 on 1990 and 1991 Luminas and Caprices and 1990 Geo Storms. Previously, the rebates were $750 on the 1990 and 1991 Lumina and 1991 Caprice and $800 on the 1990 Storm. There was no incentive on the 1990 Caprice. The payments run through May 5 on the 1990 models, July 7 on 1991s.

Alternate financing on Chevrolets remains at 8.9 percent for contracts up to 48 months and 10.9 percent for 60 months.

Oldsmobile has increased consumer rebates on Toronado by $1,000, raising the payment to $2,-250 on the 1990 model and to $2,-000 on the 1991 model. The payments run through April 7.

Finance rates in lieu of rebates are 8.9 percent for 48 months and 10.9 percent for 60 months on 1990 and 1991 models.

Buick extended consumer rebates for most 1990 models through May 5; rebates on 1991 models are scheduled to end April 7. Buick also doubled the consumer rebate on 1990 and 1991 Rivieras from $1,000 to $2,000. Rebates are available on all 1990 and 1991 Buicks except Park Avenue, Park Avenue Ultra and Estate Wagon.

In lieu of rebates, Buick offers finance rates of 4.9 percent for 24 months, 6.9 percent for 36 months, 8.9 percent for 48 months and 10.9 percent for 60 months.

Cadillac extended the $1,200 consumer rebate on the 1990 Eldorado, DeVille, Brougham and Seville through May 5, and the $1,500 rebate on the 1991 Brougham through July 7. The incentives were scheduled to expire April 7.

INCENTIVE WATCH
CUSTOMER INCENTIVES

	Rebates	Expiration Date
Chrysler Corp. (1990)		
Chrysler	$500-1,000	6/30
Dodge Monaco	$1,500	9/30
Other cars	$700-1,000	6/30
Dodge trucks	$500-2,000	6/30
Eagle Premier	$1,500	9/30
Other cars	$700-1,000	6/30
Jeep Grand Wagoneer	$1,500	12/31
Other Jeep	$500-2,000	6/30
Plymouth	$700-1,000	6/30
All minivans	$1,500	6/30
Finance rates in lieu of rebate start at 4.9 percent.		
Chrysler Corp. (1991)		
Chrysler LeBaron coupe, conv.	$1,000	9/30
Other cars	$1,000-1,500	6/30
Dodge Daytona	$700	9/30
Monaco	$1,500	9/30
Other cars	$400-1,000	6/30
Dodge trucks	$300-1,500	6/30
Eagle Premier	$1,500	9/30
Other Eagle	$400-700	6/30
Jeep Grand Wagoneer	$1,500	12/31
Other Jeep	$500-1,000	6/30
Plymouth	$400-1,000	6/30
All minivans (without air bag)	$500	6/30
Finance rates in lieu of rebate start at 4.9 percent.		
Ford Motor Co. (1990)		
Ford Festiva	$700	4/10
Ranger	$1,500	4/10
Ford Motor Co. (1991)		
Ford Escort, Festiva	$500	4/10
Ranger	$1,000	4/10
Mercury Tracer	$500	4/10
Grand Marquis	$1,000	4/10
Finance rate, in lieu of rebate, starts at 7.9 percent for 48 months or less.		
General Motors (1990)		
Buick Reatta*	$2,000	5/5
Other Buick*	$250-2,000	5/5
Cadillac	$1,200	5/5
Chevrolet Geo		
Metro, Prizm	$300-500	4/7
Geo Storm	$1,000	5/5
Corvette	$3,000 (GM employees)	4/7
Lumina, Caprice	$1,000	5/5
Cavalier, Beretta	$400-500	4/7
Trucks	$500-1,500	4/7
GMC	$500-1,500	4/7
Oldsmobile	$750-2,250	4/7
Pontiac		
Bonneville	$400-1,000	4/7
*Based on option package selected All makes except Cadillac offer cut-rate financing in lieu of rebates.		
General Motors (1991)		
Buick Reatta	$2,000*	4/7
Other Buick	$250-2,000	4/7
Cadillac		
Brougham	$1,500	7/7
Chevrolet Geo	$300-800	4/7
Corvette	$3,000 (GM employees)	4/7
Cavalier, Beretta	$400-500	4/7
Lumina, Caprice	$1,000	7/7
Trucks	$500-1,000	4/7
GMC	$500-1,000	4/7
Oldsmobile	$500-2,000	4/7
Pontiac	$400-750	4/7
*Based on option package selected		
Hyundai (1991)	$500-1,575	4/3
Mazda (1991)		
MX-6, 626	$1,500	4/3
Trucks	$500	4/3
Subaru		
Justy ECVT (1990-91)	$500	5/2
Loyale (1991)	$500	5/2
Toyota (1991)		
Celica GT, 4Runner	$800 discount on options	10/1

MONACO

FROM PAGE 2

sold and sales managers earn another payment equal to 50 percent of the salesperson's payout.

To top it off, Chrysler is offering a $1,500 retail rebate to customers. Goldfein says he is making money selling $8,995 Monacos.

"We're not making a lot of money on it but in a volume situation you are bound to make money," he said.

"If I can make the same money on five cars as on one, I'd rather have five and keep everybody busy. The employees don't feel we are going out of business tomorrow and there will be new parts and service business. And people will tell their friends and neighbors of the value they received from this dealership."

Goldfein said a $1,000 option package including cruise control, tilt steering wheel, power windows and power door locks, is available on Monaco. But 75 percent of the buyers are opting for the base model which includes a six-cylinder engine, air conditioning, AM/FM radio.

Goldfein said his chief worry is obtaining the 460 Monacos he has ordered because Chrysler has planned a limited build for the slow-selling model. As of Thursday, 40 units had been accepted for build and the company was off for Easter until Tuesday.

"I understand I may not get all of the units but I'm confident I will get a good number," he said.

The assembly plant in Bramalea, Ontario, where the Monaco and Premier are built can turn out more than 200,000 units annually, but in 1990 only 24,676 Monaco/Premier units were produced.

Chrysler built cars at the plant only one week in March and a company spokesman said the plant would be down this week.

But one source said a company memo indicates Bramalea will produce only two weeks in April and two weeks in May.

A Chrysler spokesman said there has been no boom in Premier/Monaco orders due to the cash outlays to dealers and customers.

But at least one other dealer is marketing a low-priced Monaco.

John Wallace Dodge in Overland Park, Kan., is advertising the Monaco LE for $9,995. Stephen A. Oliver, vice president of the dealership, said, "In two weeks we will sell more than all of last year because we jumped on this program."

The dealership sold 12 Monacos in 1990; it currently has 100 on order.

"We don't know how many of the vehicles we have ordered we will receive because production numbers have not been established," Oliver said. "Here's an opportunity for us to put some meat on our bones but we don't know if it will come to fruition."

Automotive News Editor Peter Brown contributed to this report.

VW

FROM PAGE 5

area of a football field."

VW said that by optimizing the combustion chambers, the fuel-system can also help reduce nitrogen oxide emissions and noise and increase the car's power. The company claims the new Jetta engine is the cleanest production diesel engine in the world.

Barske also said a multi-fuel Jetta that can run on gasoline or methanol could be available for sale in the United States within three years.

VW is still trying to control aldehyde emissions from the exhaust, which will be required under the new Clean Air Act. The problem begins at about 50,000 miles, when the car begins to emit high levels of aldehyde, Barske said. All automakers are wrestling with the issue, he said.

But VW has concluded that alcohol fuels are the best alternative fuels, rather than compressed natural gas or other cleaner alternatives to fossil fuels.

The company has also plunged heavily into electric cars.

California pollution regulations will require a so-called "zero-emissions" car beginning in 1998. VW is working on a electric hybrid Golf diesel that can run on both electricity and diesel fuel. Battery technology is a major obstacle, one the domestic automakers are also working on. The electric Jetta City STROMer uses a sodium sulfur battery that is "the most sophisticated" developed to date, Barske said. The car has a top speed of 65 mph and a range of 75 miles, making it most suitable for city driving, he said.

"We see pure electric vehicles as niche cars," Barske said. Widespread use of electric cars is also hindered by the power generating source of electricity, especially coal-fired plants, he said. If a large number of electric cars requires power plants to burn more coal or fossil fuel, the net effect on the environment is detrimental, he said.

Until electricity can be generated from other sources, including nuclear, water, solar or wind power, the number of electric cars will remain low, VW said.

PICKUP

FROM PAGE 1

U.S. economy.

"We have not set a timetable for the decision," the spokesman added, although another company official, who insisted on anonymity, estimated that approval could be a year away.

According to the spokesman, the truck being considered "would define a new segment between compact and full size," the niche category pushed for by officials of Toyota Motor Sales U.S.A.

The new vehicle "would not compete directly with domestic full-size trucks, but would give owners of current Toyota trucks a new product to graduate to," the statement said. The project had not advanced to the stage of building a prototype, he said.

The statement, although it largely mirrored one made by Toyota U.S.A. in early March, was significant because it marked the parent company's first official comment on the subject of a larger U.S. pickup truck. By disclosing that a prototype did not yet exist, the Japanese company seemed to be emphasising that project approval would not come soon.

A Toyota official, who spoke on condition of anonymity, went further than the official statement, however.

"There is no way we are going to put a new truck in the market right now," said the executive, who has been privy to deliberations on the project. "No way."

According to the source, political factors have weighed heavily in Toyota's deliberations on whether to launch a full-sized pickup at the last important automotive segment that is completely dominated by the Big 3.

"Things might be different if the segment were expanding and there was room to insert a new vehicle," the executive said. "But the market is contracting, and we don't want friction with the Big 3."

Sales of full-sized pickups in the United States fell 6.7 percent last year, to 1,238,624 units. Even so, sales remained in the 1.2 million to 1.3 million range that pickups have commanded since 1982.

Although Toyota said the proposed truck would be in a "new" segment, it is expected to be a large pickup in everything but marketing terms. As such, it could be expected to bleed off sales from the full-size segment.

According to the source, the truck in question would be based on the Dyna series now sold in Japan, but with a wider chassis.

The Dyna, a flatbed-based series sold in regular and long-wheelbase models, includes a minibus, dump-truck and long-bed versions. Engines range from 1.9 liters to 2.7 liters, curb-weights range from 3,036 pounds to 3,475 pounds, and wheelbases stretch from 100 inches to 131.8 on a wide-cab version.

The Toyota official, saying that no prototype existed for the proposed U.S. vehicle and that work had not yet begun on one, estimated that a decision on the project could be about one year away.

According to analyst Koji Endo of Nomura Securities in Tokyo, however, Toyota's decision will be based more on political sensibilities than marketing dictates.

"The market is nothing but political at this point," he said.

If pickups were expanding in an otherwise soft market, it would represent the last money making segment for American makers to protect, and a Toyota entry could become an issue, he said.

"This is not really the right time," Endo said. But on a long term basis, he added, Toyota would logically have to look at other segments.

Toyota's seeming hesitation on the pickup decision is a matter of "getting the timing right," according to analyst Neal Doying of Baring Securities in Tokyo.

The confusion and public statements on the project to date "seems like another case of the American side of Toyota leading the discussion to try to push direction," he said.

In Torrance, Calif., Toyota spokesman Jim Olson said he would be "surprised" if approval of the new truck were to be significantly delayed.

"We think the project is further along than that," he said.

Automotive News Staff Reporter Kristine Stiven Breese in Los Angeles contributed to this report.

PRODUCTION

U.S. CAR	Week Ended Mar. 30, 1991	Week Ended Mar. 23, 1991	Mar. Est.	Jan. 1 to Mar. 30, 1991	Jan. 1 to Mar. 31, 1990
Horizon	0	0	0	0	4,578
Sundance	2,300	2,030	4,745	10,999	18,969
Acclaim	0	0	5,662	21,549	20,342
Total Plymouth	**2,300**	**2,030**	**10,406**	**32,548**	**43,909**
LeBaron A	0	0	0	0	5,430
LeBaron J	1,750	1,768	3,518	7,869	7,939
N. Yorker C-Class	200	0	238	2,145	5,129
Fifth Avenue	700	0	833	6,375	7,027
Imperial	200	0	240	1,867	5,479
Total Chrysler	**2,850**	**1,768**	**4,829**	**18,256**	**31,004**
Omni	0	0	0	0	4,308
Daytona	550	592	1,142	2,774	5,212
Shadow	2,450	2,568	5,465	12,240	21,521
Dynasty	3,800	0	4,577	31,087	30,601
Spirit	0	0	5,016	19,481	22,373
Total Dodge	**6,800**	**3,160**	**15,200**	**65,582**	**84,015**
CHRYSLER CORP.	**11,950**	**6,958**	**31,436**	**116,386**	**158,928**
Escort	4,599	5,639	20,539	44,192	38,800
Mustang	0	0	3,525	11,458	39,720
Tempo	2,221	2,725	8,627	24,837	31,310
Taurus	6,166	7,705	26,678	69,329	98,834
Thunderbird	624	0	6,945	15,505	29,071
Total Ford Div.	**13,610**	**16,069**	**96,315**	**165,321**	**237,735**
Topaz	1,299	1,679	4,601	10,856	12,515
Cougar	634	0	5,368	11,147	19,217
Sable	2,188	2,787	8,806	22,082	26,594
Total Mercury	**4,121**	**4,466**	**18,775**	**44,085**	**58,326**
Continental	946	1,175	4,716	14,500	13,980
Mark VII	166	208	827	2,534	6,952
Town Car	2,221	2,777	11,101	34,113	42,043
Total Lincoln	**3,333**	**4,160**	**16,645**	**51,147**	**62,975**
Total L-M Div.	**7,454**	**8,626**	**35,420**	**95,232**	**121,301**
FORD MOTOR CO.	**21,064**	**24,695**	**101,735**	**260,553**	**359,036**
Skylark/Somerset	1,597	1,989	8,382	28,924	19,799
Century	2,115	2,293	6,964	17,565	16,857
Riviera	230	281	920	3,020	5,647
Electra/Park Ave.	1,093	1,775	6,631	26,245	12,317
LeSabre (fwd)	0	0	736	33,069	38,867
Roadmaster Wagon**	306	382	1,528	3,646	1,775
Reatta	78	94	364	603	2,109
Total Buick	**5,419**	**6,814**	**25,525**	**111,629**	**97,371**
Eldorado	288	377	1,206	3,921	5,334
Seville	726	903	2,622	7,745	6,825
Brougham (rwd)	536	601	2,093	4,905	10,077
DeVille (fwd)	1,900	1,507	7,971	32,739	37,902
Allante	51	64	254	779	876
Total Cadillac	**3,503**	**3,452**	**14,145**	**50,089**	**61,014**
Cavalier	3,947	5,459	21,400	67,571	73,710
Camaro	2,302	0	4,744	10,282	11,585
Corsica/Beretta	4,928	6,234	17,993	50,613	69,410
Caprice	2,572	3,003	11,454	31,230	29,874
Corvette	483	470	1,984	5,920	5,600
Total Chevrolet	**14,232**	**15,166**	**57,575**	**165,616**	**190,179**
Calais	2,183	3,450	12,112	28,343	20,575
Cutlass Ciera	2,173	1,842	5,471	13,196	23,084
Cutlass Supreme	1,848	2,127	8,121	23,908	20,456
Toronado	124	148	516	1,730	5,522
88 (fwd)	601	914	3,674	18,903	20,274
Custom Cruiser Wag.***	224	260	1,120	3,318	1,032
98	1,188	854	4,884	20,363	14,123
Total Oldsmobile	**8,341**	**9,615**	**35,900**	**109,761**	**105,066**
Sunbird	2,039	2,331	10,985	31,107	31,148
Grand Am	3,840	4,806	19,247	51,004	42,901
Firebird	458	0	1,101	2,474	6,249
Grand Prix	3,265	3,115	10,008	24,141	24,726
Pontiac 6000	707	782	2,341	7,674	15,631
Bonneville	1,982	2,489	10,173	21,066	15,769
Total Pontiac	**12,291**	**13,523**	**53,855**	**137,466**	**136,824**
Total Saturn	**728**	**910**	**3,640**	**10,323**	**0**
GENERAL MOTORS	**44,514**	**49,480**	**190,641**	**584,884**	**598,254**
DIAMOND-STAR	**2,499**	**3,228**	**12,663**	**38,783**	**35,859**
Civic	1,470	2,013	8,085	22,485	32,710
Accord	5,250	7,276	28,452	86,598	79,351
HONDA	**6,720**	**9,289**	**36,537**	**109,083**	**112,061**
MAZDA†	**2,540**	**3,870**	**12,484**	**37,485**	**47,553**
NISSAN	**2,405**	**2,757**	**11,187**	**36,139**	**36,184**
Corolla	1,800	2,289	8,834	26,231	27,022
Geo Prizm/Nova	1,560	1,945	7,965	25,481	24,388
NUMMI	**3,360**	**4,234**	**16,799**	**51,712**	**51,410**
SUBARU-ISUZU	**930**	**1,177**	**4,484**	**14,198**	**4,346**
TOYOTA	**4,370**	**4,495**	**18,562**	**55,963**	**55,822**
TOTAL BIG 3	**77,529**	**81,133**	**323,812**	**961,823**	**1,188,210**
TOTAL TRANSPLANT	**22,824**	**28,258**	**112,536**	**343,035**	**336,955**
TOTAL CARS, U.S.	**100,352**	**109,393**	**436,447**	**1,304,858**	**1,445,173**
TOTAL CARS, CANADA	**22,479**	**25,862**	**95,294**	**240,959**	**252,450**
U.S., CANADA CARS	**122,831**	**135,245**	**531,742**	**1,545,817**	**1,697,623**
U.S., CANADA CARS AND TRUCKS	**203,571**	**217,673**	**847,310**	**2,420,021**	**2,879,844**

CANADIAN CAR	Week Ended Mar. 30, 1991	Week Ended Mar. 23, 1991	Mar. Est.	Jan. 1 to Mar. 30, 1991	Jan. 1 to Mar. 31, 1990
Monaco	320	0	320	649	3,593
Premier	700	0	700	1,654	1,252
CHRYSLER CORP.	**1,020**	**0**	**1,020**	**2,303**	**4,845**
Tempo	2,998	3,082	10,182	27,533	34,272
Topaz	742	780	2,533	7,163	11,178
Crown Victoria	1,360	1,696	7,735	23,442	29,742
Grand Marquis	2,836	3,166	10,602	11,605	30,454
FORD MOTOR CO.	**7,936**	**8,724**	**31,052**	**69,743**	**105,646**
Celebrity	0	0	0	0	5,305
Cutlass Ciera	1,424	1,792	6,776	14,653	22,303
Lumina	3,700	4,646	18,231	41,214	53,926
Pontiac 6000	0	0	0	0	0
Regal	2,700	3,346	9,663	25,205	11,004
GENERAL MOTORS	**7,824**	**9,784**	**34,669**	**81,072**	**92,538**
CAMI	**2,270**	**2,835**	**11,062**	**32,639**	**0**
HONDA	**1,505**	**2,295**	**8,473**	**26,350**	**28,794**
HYUNDAI	**670**	**744**	**2,846**	**9,897**	**4,050**
TOYOTA	**1,110**	**1,390**	**5,470**	**16,797**	**14,311**
VOLVO	**144**	**180**	**701**	**2,158**	**2,266**
TOTAL CARS, CANADA	**22,479**	**25,862**	**95,294**	**240,959**	**252,450**

U.S. TRUCK	Week Ended Mar. 30, 1991	Week Ended Mar. 23, 1991	Mar. Est.	Jan. 1 to Mar. 30, 1991	Jan. 1 to Mar. 31, 1990
Caravan	1,950	1,813	6,209	25,297	30,063
Dakota	2,000	2,014	8,076	14,957	16,866
Caravan C/V	50	72	321	944	1,909
Ram pickups	2,000	2,025	7,966	14,859	24,274
Total Dodge	**6,000**	**5,924**	**24,572**	**56,057**	**73,112**
Cherokee	4,000	4,047	8,843	22,664	44,575
Comanche	200	194	445	1,469	2,092
Grand Wagoneer	0	0	0	0	1,210
Wagoneer/Briarwood	100	113	243	727	953
Total Jeep	**4,300**	**4,354**	**9,530**	**24,860**	**48,830**
Voyager	1,550	1,583	6,474	19,602	28,476
Town & Country	50	56	244	751	953
Total C-P Div.	**1,600**	**1,639**	**6,718**	**20,353**	**29,429**
CHRYSLER CORP.	**11,900**	**11,917**	**40,820**	**101,270**	**151,371**
Aerostar	3,006	3,658	10,592	28,129	45,011
Bronco	502	0	502	2,437	13,691
Bronco II/Explorer	4,612	5,648	22,662	65,447	22,035
Navajo	139	171	744	3,943	0
Econoline	3,364	4,011	13,738	26,954	44,790
Mediums/Heavies	799	967	2,606	8,416	22,012
Light trucks	8,565	7,199	26,012	58,042	109,769
Ranger	4,198	4,873	18,023	53,755	75,276
Total Ford Div.	**25,185**	**26,527**	**94,880**	**247,123**	**332,584**
FORD MOTOR CO.	**25,185**	**26,527**	**94,880**	**247,123**	**332,584**
Astro	2,076	0	7,539	20,098	26,147
Blazer	162	201	636	1,962	3,858
Lumina APV	1,070	0	2,400	7,069	23,592
Mediums/Heavies	88	124	450	1,972	3,847
P-Model	289	398	1,666	3,986	5,563
Pickups	4,148	3,003	13,809	45,852	80,607
S-10	3,630	4,512	16,024	54,002	60,113
S-10 Blazer	1,142	1,524	4,201	11,480	31,200
Sportsvan/Van	756	1,047	3,930	8,786	13,247
Suburban	321	613	1,457	5,201	16,155
Total Chevrolet	**13,682**	**11,422**	**52,112**	**160,408**	**264,329**
Jimmy	62	81	208	661	1,380
Mediums/Heavies	384	479	1,915	5,120	5,022
P-Model	111	109	341	775	709
Pickups	2,810	1,486	7,774	19,282	22,131
S-15/Sonoma	883	1,147	3,471	12,950	14,640
S-15 Jimmy	260	217	1,336	4,857	10,195
Safari	612	0	2,457	8,124	8,378
Suburban	575	519	1,897	5,313	7,272
Vandura/Rally Vans	332	323	1,481	3,626	6,181
Total GMC	**6,029**	**4,361**	**20,879**	**60,708**	**75,908**
Silhouette	783	0	1,831	3,541	7,572
Bravada	512	631	1,913	5,862	0
Total Oldsmobile	**1,295**	**631**	**3,744**	**9,403**	**7,572**
Pontiac Trans Sport	**538**	**601**	**1,987**	**4,556**	**14,524**
GENERAL MOTORS	**21,544**	**17,015**	**78,722**	**235,075**	**362,333**
NAVISTAR	**1,304**	**1,886**	**6,547**	**18,894**	**19,577**
NISSAN	**2,317**	**2,633**	**10,711**	**34,633**	**38,770**
SUBARU-ISUZU	**640**	**863**	**3,420**	**13,264**	**4,714**
AM GENERAL	**320**	**400**	**1,600**	**5,170**	**5,850**
MISCELLANEOUS	**2,120**	**2,650**	**10,600**	**34,270**	**39,000**
TOTAL TRUCKS, U.S.	**65,330**	**63,611**	**247,299**	**689,639**	**954,199**

CANADIAN TRUCK	Week Ended Mar. 30, 1991	Week Ended Mar. 23, 1991	Mar. Est.	Jan. 1 to Mar. 30, 1991	Jan. 1 to Mar. 31, 1990
Caravan	2,232	2,849	11,154	32,394	42,301
Caravan C/V	262	339	1,333	2,108	3,128
Ram Wagon	572	724	2,114	4,636	5,604
Ram Van	964	1,228	3,601	8,276	13,951
Total Dodge	**4,030**	**5,140**	**18,203**	**47,414**	**64,984**
Voyager	1,602	1,990	11,119	26,904	34,706
Total Plymouth	**1,602**	**1,990**	**11,119**	**26,904**	**34,706**
Wrangler	1,200	1,820	4,590	11,578	10,794
Total Jeep	**1,200**	**1,820**	**4,590**	**11,578**	**10,794**
CHRYSLER CORP.	**6,832**	**8,750**	**33,912**	**85,896**	**110,484**
FORD MTR. (R. Vhs.)	**2,432**	**2,621**	**8,558**	**21,337**	**35,223**
Light trucks	2,480	2,980	8,594	34,168	45,651
Vans	1,192	1,391	5,480	8,786	10,718
Total Chevrolet	**3,672**	**4,371**	**14,075**	**42,954**	**56,369**
Light trucks	920	1,205	3,727	13,414	18,213
Vans	357	575	2,138	4,485	4,272
Total GMC	**1,277**	**1,780**	**5,865**	**17,899**	**22,485**
GENERAL MOTORS	**4,949**	**6,151**	**19,940**	**60,853**	**78,854**
CAMI	**1,065**	**1,328**	**5,282**	**14,517**	**0**
NAVISTAR	**132**	**167**	**664**	**1,962**	**2,661**
TOTAL TRKS., CANADA	**15,410**	**19,017**	**68,299**	**184,585**	**227,222**
U.S., CANADA TRKS.	**80,740**	**82,628**	**315,568**	**874,264**	**1,181,421**

Monthly estimates may contain error of one or two units due to rounding.
*Estimate †Total includes MX-6, 626, and Ford Probe
**1990 totals reflect the LeSabre (rwd). ***1990 totals reflect Olds. 88 (rwd)
Medium/heavies includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes

GM paces truck upturn

By Anne E. Wright
AUTOMOTIVE NEWS CHIEF STATISTICIAN

Last week, all U.S. assembly plants except Toyota's Georgetown, Ky., facility were closed on Good Friday.

General Motors, Ford Motor Co. and Chrysler Corp. plants also will be closed today under terms of their UAW contracts.

Despite the shortened work week, U.S. truck output increased 2.70 percent over the preceding week because of a 26.62 percent gain by GM. An increase in production of full-sized pickups was chiefly responsible for the GM boost.

Total U.S. truck production last week was scheduled at 65,330 units, down 27.94 percent from the same week last year, which was a five-day week.

Year-to-date, U.S. truckmakers have built 689,639 trucks, 27.73 percent below this point in 1990.

U.S. automakers scheduled 100,352 passenger cars last week, 8.26 percent fewer than the previous week and 26.17 percent below the year-ago week, which had five working days.

So far this year, automakers have assembled 1,304,858 cars and trucks, 9.71 percent below the 1990 pace.

Holiday trims Canada output

All Canadian assembly plants were closed Good Friday. Estimated car production last week was 22,479, off 13.08 percent from the prior week, but 2.91 percent ahead of the year-ago week.

Year-to-date, Canadian auto production of 240,959, trails 1990 by 4.55 percent.

Truck production in Canada last week was scheduled at 15,410, which was 18.97 percent below the previous week and 22.23 percent below the same week in 1990.

So far this year, Canadian truck production is 184,565, down 18.77 percent from 1990.

General Motors of Canada announced last week that the Ste. Therese, Quebec, plant will discontinue production of the Oldsmobile Cutlass Ciera July 19. The plant had been scheduled to produce the 1992 Ciera, but due to poor sales the plant will be retooled to assemble the 1992 Chevrolet Camaro and Pontiac Firebird.

SCHEDULED PLANT CLOSINGS

Plant	Weeks down	Units lost/ week
FORD		
Dearborn, Mich.	**4/1**	
Ford Mustang		3,700
GENERAL MOTORS		
Flint, Mich. (Buick City)	**4/1**	
Buick LeSabre (fwd)		Model
Olds. 88 Royal		changeover
Van Nuys, Calif.	**4/1**	
Chev. Camaro		2,110
Pontiac Firebird		540
CHRYSLER		
Newark, Del.	**4/1, 4/8**	
Dodge Spirit		2,090
Plymouth Acclaim		2,565
Chrysler LeBaron		1,440
Bramalea, Ontario	**4/1**	
Eagle Premier		875
Dodge Monaco		400
Total U.S. car		**12,445**
Total Canada car		**1,275**
Total units lost week of 4/1		**13,720**

Source: Automotive News Data Center

NOTE

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